

CONFIDENTIAL.

(9039.)

PART IX.

FURTHER CORRESPONDENCE

RESPECTING THE

A F F A I R S O F P E R S I A .

January to March 1907.

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CONFIDENTIAL.

Further Correspondence respecting the Affairs of Persia.

PART IX.

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No. 1.

Sir A. Nicolson to Sir Edward Grey.—(Received January 1.)

(No. 1.)

(Telegraphic.) P.

St. Petersburg, January 1, 1907.

MINISTER for Foreign Affairs, in a letter I have just received, states that detention of the sum of money held in the two banks in Tehran and destined for the advance is considered by the members of the Persian Assembly to be a veiled means of forcing signature of contract upon the Persian Government. The Russian and British Representatives, he continues, consider it desirable to remove these suspicions, and to address a note to the Sadr-i-Azam to the effect that as, since the communication of the terms of the advance to the Persian Government, more than two months have elapsed, and as advantage of this offer of financial assistance has not been taken by the latter, the negotiations are held to be null and void, and the British and Russian Governments have instructed their Representatives to suspend the credit of 5,000,000 fr., opened in favour of the Persian Government at the two banks.

This view, the letter adds, is entirely shared by the Russian Government, and they have no objections to a note in the above sense being communicated to the Sadr-i-Azam.

M. Isvolsky asks me to ascertain your views as soon as possible. If you concur he will instruct M. Hartwig accordingly.

(Confidential.)

Sir C. Spring-Rice in his later telegrams seemed to consider that there was now no objection to matters being allowed to remain in their present state, and, before a final decision is arrived at, I might communicate those opinions to M. Isvolsky and learn his views. I venture to submit that the joint advance has been a useful help and preliminary to our general negotiations in Persia, and that it guarantees our common action, and that, unless circumstances should imperatively require its abandonment, it would be more prudent to maintain it. I would regret its abandonment. We might, moreover, be affording Germany an opportunity of intervening, which consideration I might lay before Minister for Foreign Affairs, and thereby, perhaps, discover if the report of a Russo-German Arrangement has any truth in it. I would suggest that, without accepting or declining definitely the Russian proposal, I might submit to M. Isvolsky—

1. That, as control of Assembly has been recognized by Valiahd, no advance would be made without its sanction, and that this might perhaps be made public at Tehran;

2. I might propose that British and Russian Representatives should be asked whether they still consider desirable that joint advance should be abandoned;

3. I might also point out that when we have formally abandoned the field it is probable that Persian Government would apply to Germany, who might then agree to give required assistance.

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No. 2.

Sir C. Spring-Rice to Sir Edward Grey.—(Received January 2.)

(No. 1.)

(Telegraphic.) P.

Tehran, January 2, 1907.

YESTERDAY the Grand Vizier handed to the Assembly the Constitution, ratified by both the Shah and the Valiahd. It provides that control of the finances, including loans, should be in the hands of the Assembly.

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No. 3.

India Office to Foreign Office.—(Received January 3.)

Sir,

India Office, January 2, 1907.

IN reply to Sir E. Gorst's letter of the 4th December, 1906, and with reference to the telegrams from the Viceroy of the 15th and 19th December, on the subject of the Meshed-Seistan telegraph line, I am directed to state, for the information of the Secretary of State for Foreign Affairs, that Mr. Secretary Morley concurs in the view that the proposal of the Russian Government may be provisionally accepted as a *modus vivendi* pending a general settlement between the two Governments as to their respective interests in Persia. Mr. Morley considers, however, that an undertaking should be obtained from the Russian Government, as suggested by the Government of India, not merely not to oppose, but to support our claim to the immediate extension, by arrangement between ourselves and the Persian Government, of the line from Nasratabad to a point either on the Indian or Central Persian systems.

But before the Russian proposals are definitely accepted in their present form, Mr. Morley thinks it is worth considering whether some arrangement could not be made to obviate the necessity of placing additional wires on the Meshed-Tehran and Meshed-Seistan lines, such an addition being in no way justified by the existing British traffic, as is shown by the Viceroy's telegram of the 19th December, which corroborates the views on this point expressed in the last paragraph of my letter of the 25th October, 1906. If Sir E. Grey concurs in this opinion, Mr. Morley would ask the Government of India whether they could formulate a scheme by which, on the Meshed-Seistan line, the exclusive use and control of the wire could be secured to our Consular officers as a matter of right for a sufficient number of hours daily to meet their official requirements, a similar arrangement for the purposes of the Russian officers being made on the Meshed-Tehran line.

Should it be found impossible to devise such a scheme on a practicable basis, Mr. Morley fears there is no alternative but to accept the Russian proposal for additional wires. In either case it seems desirable to secure, if possible, as suggested by the Government of India, that British employes should have the right of inspecting and repairing the line, if the Russian Administration fails to keep it in satisfactory working order.

The question of the disposal of the income from British messages between Meshed and Seistan, to which the Government of India calls attention, need not apparently be raised till the Meshed-Seistan line becomes part of a through system.

I am, &c.

(Signed) A. GODLEY.

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No. 4.

India Office to Foreign Office.—(Received January 3.)

Sir,

India Office, January 2, 1907.

IN reply to Sir E. Gorst's letter of the 15th December, 1906, relative to the satisfaction demanded from the Persian Government for the attacks on His Majesty's Consulate in Seistan, I am directed to say that, in the circumstances stated, Mr. Secretary

Morley is prepared to acquiesce in the course proposed by Sir E. Grey. As, however, the death of the Shah is imminent, it seems a question whether the announcement of the proposed Concession might not be deferred till after the accession of the Valiahd.

I am, &c.

(Signed) A. GODLEY.

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No. 5.

Sir A. Nicolson to Sir Edward Grey.—(Received January 3.)

(No. 2.)

(Telegraphic.) P.

St. Petersburg, January 3, 1907.

WITH reference to my telegram No. 1 of the 1st instant respecting the joint advance to Persia.

I learn from a private letter just received from M. Isvolsky that the Russian Minister at Tehran informs him that Sir C. Spring-Rice fears the possibility of an arrangement with the financiers of other countries should the two Governments notify the withdrawal of their offer. M. de Hartwig therefore suggests that no notification of the withdrawal of the offer should be made until the proper moment for doing so has, in his opinion and in that of his British colleague, arrived. He asks authority for this course.

The necessary instructions will be sent to the Russian Minister provided His Majesty's Government agree to the above course, to which the Russian Government do not see any objection. Shall I inform Minister for Foreign Affairs that you concur? He asks for an early reply.

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No. 6.

Sir C. Spring-Rice to Sir Edward Grey.—(Received January 4.)

(No. 3.)

(Telegraphic.) P.

Tehran, January 4, 1907.

BAGDAD Railway.

I have reason to believe that the Russian Government have informed the German Government that they will withdraw their opposition to the Bagdad Railway if the construction of a branch from Khanikin to Bagdad is conceded to Russia, together with the right to fix the railway tariff on this section. The result of this, the German Minister pointed out, would be to give Russia the power of excluding the products of Western Europe from Persia, while encouraging the export of her own products to the south. He has also pointed out that as soon as railway connection with the Caucasus was established, via Hamadan, the monopoly of the markets of Central Persia would be insured to Russia.

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No. 7.

Sir Edward Grey to Sir A. Nicolson.

(No. 2.)

(Telegraphic.) P.

Foreign Office, January 4, 1907.

ADVANCE to Persia.

You may inform Minister for Foreign Affairs that we concur in the view of Russian Government as stated in your telegram No. 2 of yesterday.

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No. 8.

Foreign Office to India Office.

Sir,

Foreign Office, January 4, 1907.

I AM directed by Secretary Sir Edward Grey to acknowledge the receipt of your letter of the 2nd instant, intimating the concurrence of the Secretary of State for India in the view that the proposal of the Russian Government for the settlement of the question of the Meshed-Seistan telegraph line may be provisionally accepted as a *modus*

vivendi pending a general settlement of the respective interests of the two Powers in Persia, subject to an undertaking on the part of the Russian Government to support the demand of His Majesty's Government for an immediate extension of the line from Nasratabad.

I am to add that Sir Edward Grey concurs in Mr. Morley's opinion that it is desirable to devise some arrangement to obviate the necessity of placing additional wires on the Meshed-Tehran and Meshed-Seistan lines, and would be glad if he would act upon his suggestion to ask the Government of India whether they could formulate some scheme whereby this result could be secured.

I am, &c.
(Signed) E. GORST.

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No. 9.

Sir A. Nicolson Sir Edward Grey.—(Received January 7.)

(No. 3.)

Sir,

St. Petersburg, January 1, 1907.

I RECEIVED this morning from M. Isvolsky a private letter, of which I have the honour to transmit a copy, proposing that a note should be addressed by the British and Russian Representatives at Tehran to the Persian Prime Minister to the effect that as the Persian Government had not, after a lapse of more than two months, taken advantage of the financial aid which had been proffered to them, the offer was now withdrawn by the British and Russian Governments. M. Isvolsky added that, if the British Government agreed with the terms of the note, the necessary instructions would be sent to M. de Hartwig.

I would respectfully beg leave to submit the following considerations, which to my mind would render it unfortunate were the two Governments to abandon the project to make a joint advance to the Persian Government. I understand from recent telegrams from Sir C. Spring-Rice that circumstances have arisen which do not necessitate the immediate withdrawal of the joint offer. The Valiahd has admitted the financial control by the Assembly, and, consequently, the Persian Government could not accept an advance without legislative sanction. Presumably, the knowledge that such preliminary legislative sanction is now recognized by the Persian Government will remove from the minds of the Assembly the apprehension that a loan will be concluded behind their backs, and doubtless means could be found for letting it be known that no advance would be made without the consent of the Assembly. Any suspicions which may exist, or have existed, in the minds of the popular party that the Russian and British Governments were putting pressure on the Persian Government would therefore be removed.

I further understand that the financial needs are urgent, that local contributions or internal loans are not likely to produce the necessary funds, and that before long the Persian Government will have to apply for foreign financial assistance. In these circumstances, if we were to retire from the scene in respect to financial aid, the Persian Government would, of necessity, have to apply elsewhere, and, without doubt, they would make overtures to Germany, and it would be doubtful if the German Government, knowing that the Russian and British Governments had formally declined to render assistance, would also refuse to occupy the field which was left open to them.

There is another point which I should like also to bring, with all diffidence, to your notice. The joint action which the two Governments were taking in regard to financial matters was most helpful in respect to the general negotiations concerning Persia. If I might say so, we had thrown out one grapnel which had brought the two barques into connection, and I trusted that gradually one or more grapnels might also be attached; but if we are to cast away our present solitary grapnel the two vessels may drift apart. Sir C. Spring-Rice has already noticed a tendency on the part of the Russian Legation, since the arrival of the Valiahd at Tehran, to be less eager for joint action, and though I have not hitherto observed any indications here, it is possible that they may later be apparent.

I quite understand that if local considerations render a withdrawal desirable, and if the Russian Government are ready to concur with such a view, it would be difficult and perhaps impolitic for His Majesty's Government to insist on the maintenance of the financial offer which has been made. But I venture to suggest that I should be

authorized to lay before M. Isvolsky the considerations which induced Sir C. Spring-Rice to deem it unnecessary to disturb the present position of the question of the loan, and that I should propose that the two Representatives should be once more consulted on the subject before a final decision were taken. I could also indicate to M. Isvolsky the probability of the Persian Government, failing our support, addressing themselves later to the German Government, and I could possibly then have an opportunity of ascertaining the precise views which his Excellency holds as to German action in Persia.

I telegraphed the substance of this despatch in my telegram No. 1 of to-day's date.

I have, &c.
(Signed) A. NICOLSON.

Inclosure in No. 9.

M. Isvolsky to Sir A. Nicolson.

Mon cher Ambassadeur,

Saint-Petersbourg, le 18 (31) Décembre, 1906.

AINSI que me l'annonce notre Ministre à Téhéran, le fait que les Gouvernements d'Angleterre et de Russie gardent depuis si longtemps en dépôt dans la Banque Schahinschah et la Banque d'Escompte la somme considérable de 5,000,000 fr. produit une impression défavorable sur l'Assemblée Nationale. Les membres de cette dernière croient voir dans ce fait un moyen de pression masquée sur le Gouvernement Persan, pour le forcer de signer le contrat de l'avance.

Après mûre réflexion, les Représentants d'Angleterre et de Russie en Perse sont arrivés à la conclusion qu'afin de dissiper ces soupçons, il serait désirable que les deux Ministres fassent parvenir au Sadrazam une note rédigée à peu près comme suit :—

"Vu que depuis l'établissement définitif des conditions de l'avance à faire au Gouvernement Persan il s'est écoulé un laps de temps supérieur à deux mois, pendant lesquels les Ministres de Sa Majesté le Schah n'ont pas trouvé nécessaire de profiter de l'aide pécuniaire qui avait été demandée par la Perse elle-même, les Gouvernements d'Angleterre et de Russie considèrent les négociations à ce sujet comme nulles et non avenues et les Représentants des deux Puissances ont reçu l'ordre de suspendre le crédit de 5,000,000 fr. ouvert au Gouvernement Persan."

Le Gouvernement Impérial partage pleinement cette manière de voir, et ne trouve pas d'obstacles à ce qu'une note ainsi rédigée soit envoyée au Sadrazam.

Je me permets en conséquence de vous adresser la prière de me faire connaître, dans un délai aussi bref que possible, l'opinion du Gouvernement Anglais à cet égard, et s'il ne se trouve pas objections de sa part à mettre en exécution le projet des deux Ministres, je ne manquerai pas de munir M. de Hartwig d'instructions dans ce sens.

Veillez, &c.
(Signé) ISVOLSKY.

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No. 10.

Sir A. Nicolson to Sir Edward Grey.—(Received January 7.)

(No. 8.)

Sir,

St. Petersburg, January 3, 1907.

WITH reference to my despatch No. 3 of the 1st instant, I have the honour to transmit copy of a letter which I have received from M. Isvolsky, stating that, in view of further information which he has received from the Russian Minister at Tehran, the Russian Government are ready to concur with a proposal from M. de Hartwig that the withdrawal of the offer of financial aid to the Persian Government should not be notified to the Persian Prime Minister until he and Sir C. Spring-Rice are agreed upon the proper moment for doing so.

I venture to think that this second communication from M. Isvolsky is satisfactory as showing that the Russian Government desire to continue to act in complete accord with His Majesty's Government, and are alive to the possibility of a third Power

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undertaking the financial engagements from which it was suggested that we should withdraw.

I requested in my telegram No. 2 of this day's date your instructions as to whether I should inform M. Isvolsky that you concur with his views.

I have, &c.
(Signed) A. NICOLSON.

Inclosure in No. 10.

M. Isvolsky to Sir A. Nicolson.

Saint-Petersbourg, le 20 Décembre, 1906
(2 Janvier, 1907).

Mon cher Ambassadeur,

DANS ma lettre de Lundi, le 18 (31 n.s.), je vous parlais de la proposition de MM. Spring-Rice et Hartwig d'informer le Sadrazam de la décision prise par les Gouvernements d'Angleterre et de Russie de suspendre le crédit de 5,000,000 fr. ouvert à la Perse. Sur ces entrefaites, notre Ministre à Téhéran m'avise par télégraphe que son collègue d'Angleterre craint la possibilité d'un arrangement entre les membres de l'Assemblée Nationale et les cercles financiers d'autres pays que l'Angleterre et la Russie, dans le cas où la notification dans le sens de ma lettre du 18 (31) serait faite à Mouchir-oud-Dovleh. Par suite, les deux Ministres désireraient être autorisés à ne faire cette notification qu'à un moment que d'un commun accord ils trouveraient propice, au point de vue de la marche des affaires sur place.

Le Gouvernement Impérial ne voit aucun inconvénient à cela, et si, comme je l'espère, l'opinion du Cabinet de St. James ne diffère pas de la nôtre, j'enverrai à M. de Hartwig par télégraphe l'autorisation demandée.

En exprimant l'espoir que vous aurez l'extrême obligeance de me donner une réponse à cet égard aussi tôt que faire se pourra, je vous prie, etc.

(Signé) ISVOLSKY.

[783] No. 11.

Sir C. Spring-Rice to Sir Edward Grey.—(Received January 7.)

(No. 4.)

(Telegraphic.) P.

Tehran, January 7, 1907.

ATTACKS on Seistan Consulate.

Consul says that deportation of Mollahs so long after the event would excite much ill-feeling and would irritate the Russians who have business dealings with the Mollahs concerned. He suggests that we might now accept apology and compensation, and waive deportation.

The Persian Government is powerless to enforce deportation, and I see no chance of securing it.

[866] No. 12.

Sir C. Spring-Rice to Sir Edward Grey.—(Received January 8.)

(No. 5.)

(Telegraphic.) P.

Tehran, January 8, 1907.

A SURVEY of the route from Hamodan to Burujird has just been carried out by a Secretary of the Russian Legation and a Cossack officer. They had intended to go on to Khoremsabad, but were prevented by the disturbed state of the country.

[876] No. 13.

Sir C. Spring-Rice to Sir Edward Grey.—(Received January 9.)

(No. 6.)

(Telegraphic.) En clair.

Tehran, January 8, 1907.

THE Shah died to-night between 10 and 11.

[783]

No. 14.

Sir Edward Grey to Sir C. Spring-Rice.

(No. 3.)

(Telegraphic.) P.

Foreign Office, January 9, 1907.

SEISTAN riots. In view of the circumstances which you report in your telegrams No. 359 of the 11th December, 1906, and No. 4 of the 7th instant, His Majesty's Government will no longer insist on the free grant of land for the extension of the Consular hospital and on the deportation of the Mollahs who were implicated as ring-leaders in the attacks on the Consulate, on condition that the other two demands put forward are complied with immediately, and that the Consulate is allowed to acquire the necessary land at a nominal price.

In making this known to the Persian Government, which you may do at what may seem to you the most suitable moment, you should let them understand that it is as a graceful concession to the new Shah that His Majesty's Government are thus modifying their demands.

[1130]

No. 15.

Sir Edward Grey to Sir H. Howard.

(No. 2.)

Sir,

Foreign Office, January 9, 1907.

I TOLD the Netherland Minister to-day with reference to the Karun irrigation scheme, about which he had asked my opinion, that the political situation in Persia was now so unsettled that I could not entertain the question at this moment. I should say the same of any foreign concession in Persia about which I might be asked.

The Netherland Minister expressed regret that I could not give a more decisive answer, because the Dutch engineer who had investigated the scheme was now in London, and could have explained the whole matter. The Minister hoped, however, that he might at some future time, when things were more settled in Persia, mention the matter to me again.

I am, &c.
(Signed) E. GREY.

[37524]

No. 16.

Foreign Office to India Office

Sir,

Foreign Office, January 9, 1907.

I AM directed by Secretary Sir Edward Grey to transmit to you herewith copy of a telegram from His Majesty's Minister at Tehran, announcing the death of the Shah, and to request that the necessary instructions may now be given for the immediate payment to the Imperial Bank of Persia of the sum of 50,000*l.* for the purposes of the loan to the Valiahd, in accordance with the terms of the undertaking contained in the third paragraph of your letter of the 2nd November, 1906.

I am, &c.
(Signed) E. GORST.

[1080]

No. 17.

Sir Edward Grey to Sir C. Spring-Rice.

(No. 4.)

(Telegraphic.) P.

Foreign Office, January 10, 1907.

KARUN Irrigation Concession.

It would be inopportune to encourage foreign Concessions just now. I have therefore told the Dutch Minister that, in view of the unsettled political situation in Persia, I cannot entertain this question at this moment.

[1191]

No. 18.

India Office to Foreign Office.—(Received January 11.)

Sir, *India Office, January 10, 1907.*
 WITH reference to the telegram from the Secretary of State for Foreign Affairs to His Majesty's Minister at Tehran No. 221 of the 31st December, 1906, regarding the sanctioned increase to the Seistan Consular escort, I am directed by Mr. Secretary Morley to say that he proposes, subject to Sir E. Grey's concurrence, to sanction the proposal contained in the Viceroy's telegram of the 7th instant to proceed with the substitution of ten sowars for the ten infantry who were, in the first instance, sent from Robat to reinforce the Seistan guard.

I am, &c.
 (Signed) A. GODLEY.

[1391]

No. 19.

Sir A. Nicolson to Sir Edward Grey.—(Received January 12.)

(No. 7.) *St. Petersburg, January 12, 1907.*
 (Telegraphic.) P.
 WITH reference to your despatch No. 12 of the 9th instant respecting the telegraph line between Meshed and Seistan, I think that the possible difficulties with the Persian authorities as to the supply of new poles, &c., would perhaps be obviated by a proposal to give opportunities to British and Russian officials to have exclusive use of the telegraph lines for certain hours daily, and that this plan, rather than that of placing additional wires on the two telegraph lines, might be considered here to be preferable.

[1392]

No. 20.

Sir A. Nicolson to Sir Edward Grey.—(Received January 12.)

(No. 8.) *St. Petersburg, January 12, 1907.*
 (Telegraphic.) P.
 I HAVE received an *aide-mémoire* respecting the Persian succession from the Minister for Foreign Affairs, in which he states that the Russian Minister at Tehran has been instructed to announce, in concert with Sir C. Spring-Rice, that the two Governments recognize as heir apparent the second son of the Shah.

Would you wish me to inform M. Tsvolsky of your concurrence, whilst thanking him for his communication?

He adds that the Agreement between the two Powers in regard to Persia, of which the bases are now being so happily established, will, he does not doubt, be further strengthened by this common action.

[1555]

No. 21.

India Office to Foreign Office.—(Received January 14.)

THE Under-Secretary of State for India presents his compliments to the Under-Secretary of State for Foreign Affairs, and, by direction of Mr. Secretary Morley, forwards herewith, for the information of the Secretary of State, a paraphrase of a telegram to the Viceroy, dated the 8th January, relative to the Meshed-Seistan telegraph.

India Office, January 12, 1907.

Inclosure in No. 21.

Mr. Morley to Government of India.

(Telegraphic.) P. *India Office, January 8, 1907.*
 MESHED-SEISTAN line: Your telegram of the 15th December, 1906.

Your telegram of the 19th December shows that on Seistan line, at any rate, there is no need for second wire; and His Majesty's Government, though they are prepared, subject to Russian Government undertaking to support Nasratabad extension, to accept Russian proposal provisionally as *modus vivendi* pending general settlement, would be glad to avoid expense of second wires both on Tehran and Seistan lines. I should be glad if you could formulate a scheme by which Consular officers of each Power could respectively secure as a matter of right on line worked by the other Power exclusive use and control of existing wire for sufficient number of hours daily.

[1556]

No. 22.

India Office to Foreign Office.—(Received January 14.)

THE Under-Secretary of State for India presents his compliments to the Under-Secretary of State for Foreign Affairs, and, by direction of Mr. Secretary Morley forwards herewith, for the information of the Secretary of State, a paraphrase of a telegram to the Viceroy dated the 9th January, relative to the proposed Anglo-Russian advance to Persia.

India Office, January 12, 1907.

Inclosure in No. 22.

Mr. Morley to Government of India.

(Telegraphic.) P. *India Office, January 9, 1907.*
 PLEASE see my telegram of 11th ultimo regarding loan to Persia. Recommendation by Russian and British Ministers at Tehran, that Persian Government should be informed officially of withdrawal of offer of loan and that public notification of this should be made, was reported by Spring-Rice on 26th ultimo. Ministers have, however, been instructed that, until they are agreed as to proper opportunity, withdrawal should not be notified, as it is thought possible that, if course proposed were adopted, Persian Government might turn to financiers of other countries.

[1392]

No. 23.

Sir Edward Grey to Sir A. Nicolson.

(No. 5.) *Foreign Office, January 14, 1907.*
 (Telegraphic.) P.
 YOUR telegram No. 8 of the 12th instant: recognition of Shah's second son as Valiahd.

We concur in the course proposed by the Russian Minister for Foreign Affairs, and His Majesty's Minister at Tehran has been instructed accordingly.

You may inform his Excellency, and thank him for his communication.

[1717]

D

392]

No. 24.

Sir Edward Grey to Sir C. Spring-Rice.

(No. 8.)

(Telegraphic.) P.

Foreign Office, January 14, 1907.

SEE telegram No. 8 from St. Petersburg of the 12th January.

You may, in concert with your Russian colleague, announce that the Shah's second son is recognized by the British and Russian Governments as Heir-Apparent to the throne of Persia.

[1392]

No. 25

Foreign Office to India Office.

Sir,

Foreign Office, January 14, 1907.

I AM directed by Secretary Sir Edward Grey to transmit to you herewith decypher of a telegram from His Majesty's Ambassador at St. Petersburg,* stating that the Russian Minister at Tehran has received instructions to announce, in concert with His Majesty's Minister, that the two Governments recognize the second son of the Shah as Heir-Apparent to the Persian Throne.

I am to state that Sir E. Grey proposes, if Mr. Secretary Morley sees no objection, to request Sir A. Nicolson to inform M. Isvolsky that His Majesty's Government concur in the view of the Russian Government as to the course which should be pursued in this matter, and that the necessary instructions will be sent to Sir C. Spring-Rice accordingly.

As it is very desirable that the British and Russian Ministers should make the announcement in concert, I am to request that I may be favoured as early as possible with Mr. Secretary Morley's views.

I am, &c.
(Signed) E. GORST.

[1391]

No. 26.

Foreign Office to India Office.

Sir,

Foreign Office, January 14, 1907.

I AM directed by Secretary Sir Edward Grey to inform you that a copy of your letter of the 2nd instant, relative to the question of the Meshed-Seistan telegraph, was forwarded to His Majesty's Ambassador at St. Petersburg, and to transmit to you herewith decypher of a telegram which has been received from Sir A. Nicolson in reply to that communication,† stating that, in his Excellency's opinion, Mr. Secretary Morley's proposal, for the realization of which it is understood that the Government of India have been requested to formulate a scheme, would appear to the Russian Government to be preferable to the alternative plan, at first suggested by them, of laying additional wires on the Tehran-Meshed and Meshed-Seistan lines.

I am to add that, as some considerable time has now elapsed since the Russian Government made their proposal, Sir E. Grey is of opinion that it would be desirable to obtain the reply of the Government of India to the request addressed to them with as little delay as possible.

I am, &c.
(Signed) E. GORST.

* No. 20.

† No. 19.

[1191]

No. 27.

Foreign Office to India Office.

Sir,

Foreign Office, January 15, 1907.

I AM directed by Secretary Sir Edward Grey to acknowledge the receipt of your letter of the 10th instant relative to the increase of the Seistan Consular escort, and to inform you, in reply, that he concurs in the proposal of Mr. Secretary Morley to sanction the suggestion contained in the Viceroy's telegram of the 7th instant to proceed with the substitution of ten sowars for the ten infantry who were, in the first instance, sent from Robat to reinforce the Seistan guard.

I am, &c.
(Signed) F. A. CAMPBELL.

[1856]

No. 28.

India Office to Foreign Office.—(Received January 17.)

Sir,

India Office, January 14, 1906.

IN reply to Sir F. Campbell's letter of this day's date, I am directed to inform you that Mr. Secretary Morley concurs in Sir E. Grey's proposal to request Sir A. Nicolson to inform M. Isvolsky that His Majesty's Government concur in the view of the Russian Government that the British and Russian Ministers at Tehran should announce, in concert, that the two Governments recognize the second son of the Shah as heir-apparent, and that the necessary instructions have been sent to Sir C. Spring-Rice accordingly.

I have, &c.
(Signed) HORACE WALPOLE.

[1853]

No. 29.

India Office to Foreign Office.—(Received January 17.)

THE Under-Secretary of State for India presents his compliments to the Under-Secretary of State for Foreign Affairs, and, by direction of Mr. Secretary Morley, forwards herewith, for the information of the Secretary of State, paraphrase of a telegram to the Viceroy, dated the 15th ultimo, relative to the Meshed-Seistan telegraph line.

India Office, January 16, 1907.

Inclosure in No. 29.

Mr. Morley to Government of India.

(Telegraphic.) P.

India Office, January 15, 1907.

MESHED-SEISTAN telegraph line. Please reply with the least possible delay to my telegram dated the 8th instant.

[1917]

No. 30.

India Office to Foreign Office.—(Received January 17.)

Sir,

India Office, January 16, 1907.

IN reply to Sir E. Gorst's letter of the 9th instant, regarding the proposed loan to the Valiahd in consequence of the death of His Majesty the Shah, I am directed by Mr. Secretary Morley to state, for the information of the Secretary of State for Foreign

Affairs, that the sum of 50,000*l.* has been paid to the Imperial Bank of Persia for the purposes of the loan.

I am, &c.
(Signed) HORACE WALPOLE.

[2477]

No. 31.

Memorandum by Lieutenant-Colonel Maunsell respecting the Turco-Persian Frontier near Lahjan and Wazna.—(Received at Foreign Office, January 21, 1907.)

WITH the exception of the official Turco-Persian frontier map, the only other giving the district of Lahjan and the upper part of the Lesser Zab is that of De Morgan's "Mission Scientifique en Perse," 6 vols. (still in publication). This was utilized in the compilation of my map of Eastern Turkey-in-Asia, and from it the course of the River Leuwen was indicated.

The map also shows the River Livan, but a different stream to that given on the frontier map.

I think it may be taken as certain, as Mr. Barclay contends, that the Leuwen, as shown on my Eastern Turkey-in-Asia map, is the frontier that the Turks are contending for.

The following are a few notes on the Kurdish tribes at this part of the frontier:—

The Kurdish tribal confederation of the Bilbass (mentioned by Rawlinson) occupy all these frontier districts on both sides of the line.

They are mostly nomad, and call themselves subject to one or other Government as suits them best, evading the consequences of their misdeeds by crossing to the other side of the frontier and generally living in a state of semi-independence.

They have a bad reputation for lawlessness, but are not at all fanatical, and are hospitable to Europeans.

The Persian Government (previous to the present dispute) left them alone as long as they paid tribute and their Chiefs or "Aghas" ruled as they liked.

In some places they managed to remain beyond the reach of either Government, and paid no tribute. But the Governments took advantage of intertribal feuds, and used one Agha to coerce another into paying tribute.

The principal sub-divisions of the Bilbass are:—

1. *Menghur or Mangor*.—3,000 tents; who live on the Lahjan Plain and in the Lesser Zab, about Wazna in Persia, and on the Rania Plain and part of Pishder Plain in Turkey.

Their Chief is Osman Agha or the Agha-i-Baizi, who lives at Alwatan (Persia), and is theoretically head of all the Bilbass, and he does actually command a nominal allegiance of most other Headmen.

2. *Mamash*.—3,000 tents, in the country between Sulduz and Lahjan, and between Suj-Bulak and the Zab in Persia, and also on the Pishder Plain in Turkey.

Their Chief is Muhammad Agha, who lives at Passova.

He is an important man, with a good position in the country and on good terms with the Persian Government, although he can scarcely be said to be subject to it. He was usually intrusted by the Persian Government with the carrying out of punitive expeditions against recalcitrant tribes partly for the sake of private reprisals, and partly for the collection of Government tribute.

3. *Piran*.—2,000 tents; 500 to 600 fighting men on the Lahjan Plain in Persia, and on the Rania Plain west of the Keni Sanjak road.

Their Chief is Muhammad Emin Agha, who lives at Shinawa in Persia.

He is well-informed and intelligent. He used to live in Turkey on the Rania Plain, but some years ago thought fit to change his nationality and go over into Persia, a thing fairly easy to accomplish.

4. *Genurik*.—6,000 houses and tents, chiefly along the left bank of the Zab, south of the country of the Mamash.

They are the principal section of the Bilbass under the direct rule of the Persian Government, and are very largely sedentary, living in villages.

Their Chief is Khidr Agha, who lives at Nistan.

There are several other minor sub-tribes of the Bilbass, but these are the most important.

As regards the actual Turco-Persian frontier (prior to this dispute), although not

delimited, it was very fairly well defined, and appears to have been accepted by both peoples for at least the last twenty-five years.

I have crossed it at four different points, and have in each case had pointed out to me some definite mark, either a frontier tower or a large heap of stones, as the actual frontier on that particular road.

More especially in the Zohab country, so much in dispute at various times, the frontier has for many years past been quite clearly marked by a frontier tower on the great Tehran road, about midway between Khanikin and Kasr-i-Shirin, and by another at Merkez on a road farther north, with other towers following the line as shown on the map of Eastern Turkey-in-Asia.

This has been accepted as the frontier for so long by both Governments, and represents the *status quo*, that it would appear inadvisable to again raise the Zohab question unless for some very definite object.

For the rough delimitation as accepted of the frontier all the way from Ararat by Wazna down to the River Shirwan, with a very few exceptions (Kotur and others), the line is based on the principle of taking the crest line of watershed of the frontier hills.

This insures the possession of the water rights (irrigation from the streams) to the inhabitants on either side of the crest, an important matter in this country, and disputes are avoided.

Thus the Persian claim to the summit of the Kandil Dagħ is only a reversion to their former frontier before the dispute, and is possibly based on this principle of dividing the water supply.

As will be seen from the notes on Kurdish tribes given above, sections of the same tribe live on both sides of the frontier, and in this would seem to lie the only possible excuse for the Turkish Government in their aggression.

The excuse can scarcely be considered valid, as the same thing obtains at other points on the frontier, and would lead to endless trouble if accepted.

I would submit that the real reason of the Turkish move was a strategical one purely, if not entirely, to gain a military advantage, and that it was no doubt directed and approved by the General Staff in Constantinople, aided by their German advisers. For it will be seen by their move that the Turks gain not only the crest of the Wazna position or ridge, but also the glacis for a long distance in front, affording an easy passage for their troops in Persia at any time.

They would not only have the route through Wazna from Rania and Keni Sanjak, which could with very little trouble be made into an excellent military road; but also they have the hill track through Rowanduz into the Lahjan Plain.

Thus if the Turks obtain their proposed line along the Leuwen, &c., they will have a *tête du pont* thrust into West Persia behind which they could mass their invading troops in case of necessity.

But more important still is the fact that from Erbil by Keni Sanjak, Rania, Wazna, Lahjan, Jildian, and Ushnu to Urmia lies the only practicable way by which a railway could be made from the Tigris Valley into North-West Persia at Urmia.

Through here it might therefore be possible to construct a branch of the Bagdad Railway running up to North-West Persia, and possibly going to Tabreez and Julfa and joining the Russian lines there.

It is quite conceivable therefore that the Turks, pushed on and advised by the Germans, have this object in view.

In any case, supposing the Russians and the Bagdad Railway did combine to make such a line, the Turks would by their new frontier be able to fortify the Wazna position as a defence against a Russian movement from the north directed into the Tigris Valley.

Also, supposing that British control were obtained over the section of the Bagdad line from Mosul down to the Gulf, it would be entirely to our advantage that the Turks should advance their frontier up to the Leuwen, as then we might be able to induce them to make quite secure against Russian aggression the Wazna position, and any branch line that we might construct through Wazna into North-West Persia to join the Russian lines ultimately would be quite secure where it crossed the frontier.

The Turkish movement into Mergavar would be part of the same aggression for military purposes against Persia; but as shown it is at Wazna that the most important advantages would be gained and the best route secured.

(Signed) F. R. MAUNSELL.

December 20, 1906.

[2201]

No. 32.

Sir C. Spring-Rice to Sir Edward Grey.—(Received January 21.)

(No. 2.)

Sir,

Tehran, January 3, 1907.

I HAVE the honour to state that His Imperial Majesty the Valiahd arrived in Tehran on the 16th ultimo. For some time intrigues had been carried on in the Palace, chiefly by the Shoa-es-Saltaneh and the Minister of the Court, to prevent his departure from Tabreez, and there were good grounds for believing that the Shah himself, who is much attached to the Shoa, favoured the latter's candidate to the throne, which was certainly supported by the reactionary Palace clique, who hoped with his assistance to destroy the Assembly and establish their own ascendancy. They had not, however, money enough to pay the troops, and were unable, owing to the resistance of the Sadrazam, to obtain possession of the proposed advance promised by England and Russia, and moreover the Shoa's unpopularity eclipsed even that of the Valiahd, who on his part did not fail to send conciliatory messages to the popular leaders. It was also known that the English and Russian Legations would refuse their support to any reactionary movement and had already acknowledged the Valiahd as the legitimate successor of the Shah.

As a consequence, when the Shah's illness took a more serious turn, and the hopes which the arrival of the German doctor had given rise to gave place to the conviction that His Majesty's days were numbered, the Shoa's party collapsed, and the Shah was induced to order the Valiahd to proceed to Tehran. It is stated, and generally believed, that the latter, in order to work on his father's sympathies, represented that his life was in danger at Tabreez.

As soon as possible after receiving the Shah's orders the Valiahd started for Tehran, leaving Tabreez on the 4th December. He took with him all the armed horsemen he could collect, 400 in number, and most of his Persian suite. Of the foreign members of it, only M. Cuvré, the French veterinary surgeon, accompanied the Prince.

It had been agreed upon between M. Hartwig and myself that in case of the Shah's death the previous precedents should be followed and the Russian and English Consuls should accompany the Valiahd on his journey to Tehran. I had so informed Mr. Wratislaw, and instructed him to keep in touch with his Russian colleague. On hearing of the Valiahd's intended departure and that the Russian Consul had ordered carriages for himself, Mr. Wratislaw wrote asking for his colleague's intentions. He received no answer and telegraphed to me asking for instructions. I applied to M. Hartwig, who informed me that he thought it unnecessary that the Consuls should accompany the Valiahd, as the Shah was still alive. I concurred, and so informed Mr. Wratislaw, M. Hartwig at the same time sending corresponding instructions to his Consul. The latter in a telegram to M. Hartwig asserted, contrary to the facts, that it was not till Mr. Wratislaw had received his instructions from me that he had applied at the Russian Consulate for information as to his intentions. I have since learned that a Russian officer of the Cossack Regiment, Captain Khobaief, who had been dispatched to Tabreez four months before, accompanied the Valiahd on his journey, with the cavalry guard which he had organized, and who were armed with Russian rifles and ammunition supplied from the Caucasus at a cost of about 40,000 roubles.

Conversations had taken place in October between M. Hartwig and myself with regard to the advance which, as agreed on in May of last year, the two Governments might find it necessary to make in case of the Shah's death, in order to facilitate the maintenance of order.

M. Hartwig informed me that a sum of money had been supplied to the Russian Bank at Tabreez in order, if necessary, to supply the Valiahd with the means of proceeding with a suitable guard to Tehran. The Valiahd approached Mr. Wratislaw with regard to this matter, and suggested that the English Bank also should make him an advance in case of necessity. I informed the Foreign Office of this application, with M. Hartwig's knowledge, and received the reply (on the 29th October), that there "could, of course, be no question of giving the Valiahd money before the Shah's death, and that the matter need not be mentioned to the bank." In a subsequent telegram (7th November) you informed me that a sum would be placed at my order at the Imperial Bank immediately on the death of the Shah, and I was authorized to inform my Russian colleague of the fact, although I was not to mention to him the conditions as to the interest and security.

Under these circumstances, I informed M. Hartwig, in general terms, that I would

be in a position after the Shah's death to make the specified advance. He informed me, in reply, that he would bear this in mind, and that, in the meantime, the Russian Bank had been able to provide funds for the Valiahd's journey.

As a matter of fact the Valiahd drew cheques on the Russian Bank before his departure for 170,000 tomans (about 33,000*l.*), and as a delegate from the Russian Bank met him on his arrival at Tehran, it is quite possible that a further advance may have been accorded him.

The force with which he first started was soon increased by horsemen from the numerous villages which belonged to him on the road out of Tabreez, and it amounted at one time to over 4,000 men. The reason for this measure of precaution was probably the rumour that his brother, the Salar-ed-Dowleh, had collected a large force of Lur horsemen in the neighbourhood of Burujird, with which he intended, as it was believed, to cut off the Valiahd from Tehran. Fortunately, however, dissensions among the tribes and his own rapacity prevented him from taking action; and when the Valiahd arrived at Tehran his escort amounted to about 450 men, of whom 400 consisted of the force under Captain Khobaief's control. In addition to this force, 300 Cossacks under Russian officers were sent out to meet him, and were "échelonnés" along the road leading to Tehran.

The Russian Minister applied for an audience on the Valiahd's arrival, and His Imperial Highness instructed the Minister for Foreign Affairs to inform the heads of Missions that he would receive them separately with their staffs according to their diplomatic precedence. The Director of the Russian Bank, however, presented himself on the first day of reception, and before his own Minister, and was accorded a private audience.

The Valiahd's language to myself and to the members of His Majesty's Legation was most friendly. I studiously avoided politics, but His Imperial Highness, of his own accord, made two very friendly allusions to the new Assembly and the Parliamentary régime which his father had sanctioned.

M. Hartwig informed me that he had also restricted himself in his first audience to generalities, but that in a second and private audience which has been accorded him he had strongly urged the necessity of increasing the sum of money allotted to the maintenance of the Cossack Brigade—a demand which Colonel Douglas tells me is fully justified by the facts.

With regard to the political sympathies of the Valiahd, I have little to add to the information already supplied by Sir Arthur Hardinge in his despatches Nos. 125 and 140 of the 10th and 23rd June, 1905. They are undoubtedly Russian. He has spent his life in a town which could at any time be occupied by Russian troops, and in a province to a great extent under Russian influence. He speaks Russian himself, and has placed his son and heir under the care of a Russian tutor. He has received constant pecuniary advances from the Russian Government, including a loan of 100,000*l.* in 1905, when the high decoration of St. Andrew was also conferred upon him. On the other hand, there is reason to believe that on his accession to the throne he will revert to the traditional policy of his family and make some attempt to hold the balances even between ourselves and Russia. Shortly after his arrival he sent me a message to state that such was his intention, and he expressed the hope that he might be able to communicate directly with the King in the same manner as he had for some time been permitted to communicate with the Emperor of Russia. I understand that His Majesty has graciously complied with this request, and that the Valiahd has expressed his gratitude and satisfaction to his entourage. In reply to the Valiahd's message of friendly sympathy to His Majesty's Legation, I stated that I quite understood that he was at the present moment under special obligations to Russia, and that he would have to respect her natural susceptibilities with regard to his relations with this Legation. At the same time, His Majesty's Government was, I said, confident that when he ascended the throne he would act as became the independent Sovereign of an independent nation.

In a subsequent interview with the Nizam-es-Saltaneh I learnt from him that the Valiahd was grateful for my message, and that since his arrival at Tehran he had seen the necessity, in the interest of his own position and authority, of asserting his independence, and would do all in his power to avoid giving rise to the impression that he was the "Vakil" of a foreign Sovereign. At the same time, I think it well to remain in the background, and I have not applied for a private audience, which I think, might arouse Russian susceptibilities and would not lead to any useful result.

With regard to the Valiahd's attitude towards the constitutional movement, he has been careful to express his sympathy in the most open and formal manner, and although

it is generally believed he is (like the majority of his Russian advisers) opposed in heart to popular liberties, he has certainly done all in his power to counteract this impression by accepting the Constitution without demur. I am informed that he is convinced that, for the present at any rate, a good understanding with his people is the only alternative to complete subservience to Russia, and I am inclined to believe that the wise and temperate advice of the Russian Minister has also contributed to the peaceful solution of what at one time threatened to be a dangerous conflict.

In conclusion, I venture to express the opinion that he is gifted with a very considerable allowance of Persian dissimulation combined with some degree of practical intelligence. He is under great obligations to Russia, but, while conscious of this, is anxious to maintain his independence; and while at heart opposed to the popular movement and ready to take advantage of any dissensions in the popular party, he appears to feel that an open breach with his people would involve the necessity of appealing to Russian support and the eventual loss of the sovereign power. On the other hand, I think it should be borne in mind that with his succession Russia will probably count on reaping the harvest of the long years of careful preparation and her assiduous courtship of the heir to the throne, and that it is not impossible, especially if the popular party (as is expected by some) collapses from its own weakness and dissensions, and the process of "peaceful penetration" may be greatly accelerated.

I have, &c.
(Signed) CECIL SPRING-RICE.

[2202]

No. 33.

Sir C. Spring-Rice to Sir Edward Grey.—(Received January 21.)

(No. 3.)
Sir,

Tehran, January 3, 1907.

HAVING noticed in the Confidential print (section 24 of the 29th October) Mr. Brant's Memorandum on the Agreement of the 30th August, 1822, regarding Bahrein, quoted by the Grand Vizier in his note to Mr. Grant Duff of the 13th September, 1906, in support of the Persian claims to the sovereignty of that island, I thought it as well to remind his Highness that the Treaty in question had been expressly disavowed by us, and with this purpose I have to-day addressed to his Highness the note copy of which I have the honour to inclose.

I have, &c.
(Signed) CECIL SPRING-RICE.

Inclosure in No. 33.

Sir C. Spring-Rice to Grand Vizier.

(Translation.)

January 2, 1907.

HIS Majesty's Chargé d'Affaires did not fail to refer to His Majesty's Government the note under date of the 13th September, 1906, relative to the status of the Island of Bahrein, in which your Highness, in the support of the Persian claim to the sovereignty of this island, refers to an Agreement made in 1822 between Captain Bruce and His Royal Highness Hussein Ali Mirza, Prince of Shiraz.

In reply, I have to remind your Highness that the Agreement in question being entirely contrary to the views of the British Government, letters were written to the Prince of Shiraz disavowing the Treaty in strong terms, and announcing the recall of Captain Bruce.

[2203]

No. 34.

Sir C. Spring-Rice to Sir Edward Grey.—(Received January 21.)

(No. 4.)
Sir,

Tehran, January 3, 1907.

IN obedience to your instructions, I have carefully abstained from entering into any discussion with M. Hartwig as to the possible basis of an agreement between England and Russia with regard to Persia. At the same time, I venture to think it may be useful if I were to communicate to you any indication as to the general policy pursued here by the Russian Legation which may reach me from indirect but

authentic sources. To quote Sir A. Hardinge's words, "At London and St. Petersburg the European, here in Asia the Tartar, head of the Russian double eagle is most plainly visible," and I venture to hope that I may be excused if I present, for the consideration of His Majesty's Government, the local aspect of the Asiatic policy of Russia.

From conversations which some of my colleagues and a newspaper correspondent, who has been sent here to represent the Russian view of the Persian question, have had with M. Hartwig, and which they have, in general outline, communicated to me, it appears that the policy of the Russian Legation here is wholly opposed to any form of division of Persia into spheres of interest which would debar Russia from obtaining access to a port outside the Gulf or from constructing such railways or means of communication as would best serve her commercial and political interests. Persia is to be assured her independence and integrity as long as she is willing to obey the dictates of her Russian advisers and accord to Russia such advantages as may be in accordance with Russian interests.

And, specifically, the policy of Russia must be continually concerned with the whole of the east of Persia, where, as M. Hartwig puts it, it is a vital interest of Russia to obtain such influence and control as may enable her to prevent the spread of infection from Indian sources, the importation of arms, and, above all, the absorption of Seistan by Great Britain, or the establishment in that province of English control.

At the same time, M. Hartwig is sincerely desirous of improving the relations between England and Russia, and, while safeguarding Russian influence, to live on the best possible terms with the British Legation. He is considerably embarrassed by the independent action of the Financial Agent and by the separate policy pursued without the knowledge and consent of the Russian Foreign Office by other Departments of the Russian Government. He is anxious to avoid any form of active interference in Persian domestic politics, and has done all in his power to convince popular opinion that the Russian Legation is not hostile to the popular movement, and has even exerted his influence with the Valiahd to secure a compromise with the Assembly. He is opposed for the moment to any active measure of interference, and is doing all in his power to dissuade his Government from yielding to the dictates of the advocates of a forward policy.

I venture to ask your most careful attention to Sir A. Hardinge's despatch No. 126 of the 10th June, 1905, in which he explains, in a singularly clear and striking form, what he takes to be the policy of Russia in Persia, viewed in the light of the actual proceedings of Russian Agents on the spot. I am inclined to believe that what he wrote then is true now. Since he wrote, however, there has occurred what he anticipated, namely, a great popular awakening and protest against the sale of Persia, through corrupt officials, to a foreign Government, and the "antiseptic treatment" of which he speaks is now being inaugurated, not by a concert between England and Russia, but by the Persian people themselves. I venture to think that in this way possibly lies the hope of the salvation of Persia and the solution of the Persian question. Should foreign Powers, and especially England and Russia, consent to lend a friendly hand, or, at any rate, not to impede the process of regeneration, Persia may yet save herself. But, if she does, the designs of Russia, which have so long aimed at her practical absorption, will be as definitely frustrated as they have been in Bulgaria, and it cannot be hoped that the Russian Government, at least as at present constituted, will tamely acquiesce in such a conclusion.

I have, &c.
(Signed) CECIL SPRING-RICE.

[2204]

No. 35.

Sir C. Spring-Rice to Sir Edward Grey.—(Received January 21.)

(No. 5.)
Sir,

Tehran, January 3, 1907.

I HAVE the honour to transmit herewith a Memorandum concerning the proceedings of the Assembly which has been drawn up with great pains and care by Mr. Churchill. He has drawn his information from the official Reports, personal observation, and the accounts of eye-witnesses.

[1717]

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The Assembly is not fully constituted, as only a few of the provincial Members have arrived. There is a good deal of opposition among the local Governors and, in some cases, reluctance on the part of the electors or the Delegates.

Up till now there have been no regular rules or orders of the day. The Members sit on the floor in a circle, the President at the end of the room before a low desk; the great Mujtehdhs, who are always present and take an active part, though not Members, sitting opposite. Any Member may speak on any subject, and a conclusion is rarely arrived at. The public are admitted into the room where the debates are held, and are allowed to interrupt and even to speak. This inconvenience, however, is being gradually diminished. On the whole, order is well maintained and the proceedings are quiet and dignified.

The chief subjects of discussion have been the Bank Charter and the Constitution. As the first action taken by the Assembly was to prohibit the foreign loan, it became its duty to provide funds for the Government. This it was proposed to arrange for by the establishment of a national bank, for which popular subscriptions were invited. The subscriptions which are promised, cannot be converted into cash without some definite security, which it is hoped to provide by means of a charter. On this subject discussions with the Government are still proceeding. Owing to the concession for the issue of bank-notes possessed by the Imperial Bank of Persia, this resource is not available; and in its place it is proposed that the bank should have the right to collect and receive the interior revenues, or "malat." The Government is still negotiating with the principal merchants and the question is still unsettled.

A more important question was that of the Constitution. Until the Constitution was formally accepted by the Government nothing definite could be done, and there was a constant fear of disorder. It was rumoured that the Valiahd was hostile, and it was certain that the Court party would do all in its power to prevent the Shah from giving his signature. It was consequently a great relief when one of the principal Mujtehdhs read a letter from His Imperial Highness denying in the most formal manner the sinister intentions attributed to him. On his arrival at Tehran a deputation of the Members waited on him and reported that his language was most conciliatory. He was now Regent, and appointed a Committee to represent the Government and discuss with a Committee nominated by the Assembly the whole question of the Constitution. An agreement was arrived at and made known to the Assembly. When, however, it appeared that there was to be a second House, of which the Government had the power to nominate the majority, there was a great outcry, in which the President's personal enemy and rival, the Saad-ed-Dowleh, took a leading part. The President was insulted and hardly accorded a hearing, and, with some of his friends, retired from the Assembly and expressed his intention of resigning.

It was believed, and I think with some reason, that certain persons who were interested in the break-up of the Assembly had freely expended money to insure that result, and their tactics were for some time successful. But an appeal was made with success to the patriotism of the Members, and the President was induced to withdraw his resignation. A compromise was at last arrived at, and on the 1st January the Sadr Azam appeared in the Assembly with the Constitution in his hands, signed by the Shah, the Valiahd, and himself, which amid a scene of great enthusiasm, was solemnly read to the Assembly and the public.

The Assembly has thus passed through the first stage of its existence, has prevented the foreign advance (which was by its terms designed to be the precursor of another and larger loan), and has obtained the signature of a Constitution giving it the control of the finances of the Government and a general right of supervision over Government business. It has survived a determined attempt to destroy it by internal dissensions, in spite of the fact that some of its Members, and at least one of the chief priests, had been gained over by its enemies. Its strength is not so much in itself as in the determined patriotism of a certain number of persons who have imposed their will on popular sentiment, which is now too powerful to be neglected. The Valiahd, who is the grandson of the only real statesman possessed by Persia in recent times, appears to have made up his mind, in spite of his personal predilections, to join hands with the popular leaders and to put himself, for a time at any rate, at the head of the popular movement. European opinion here is by no means favourable to the Assembly, which is certainly animated by a strong fear of foreign influence and control, and it is generally believed or affirmed that it is sure to break down sooner or later, and that in a year or two the Valiahd will be able to follow the example of the Sultan in his relations to his Parliament. But, so far, I can only record the facts which appear to prove that the popular

movement possesses, not only energy, but the power of self-restraint, and that the Ruler of the country has found it wiser to obey than to oppose it.

I have, &c.
(Signed) CECIL SPRING-RICE.

Inclosure in No. 35.

Memorandum by Mr. Churchill.

Summary of Proceedings of Persian National Assembly, December 1906 to January 1907.

Saturday, December 8, 1906

SHORT sitting, chiefly devoted to discussion regarding procedure of interpellation of Ministers. Saad-ed-Dowleh wished to question Finance Minister respecting increase of taxation in Khorassan and Seistan. Moin-et-Tujjar brought up Korbela incident, and asked for presence of Foreign Minister to answer questions. President decided that questions be put on paper, and Assembly would write to Prime Minister asking for presence of Minister whose Department was concerned, or his representative. Sheikh-ul-Mulk's letter explaining his turquoise and borax mines in Kerman was read. He promised not to sell or transfer it to foreigners.

Sunday, December 9, 1906.

Sitting lasted from 2:30 to 6:30 P.M.

Letter was written to Prime Minister asking for presence of Finance and Foreign Ministers, or their representatives, to answer questions: former on Tuesday, latter on Thursday.

Ratification of Constitution brought up, and it was decided to send a deputation of Members to the Prime Minister during the sitting. They returned at 4:15, and reported that they waited on the Prime Minister and the Minister of the Court, who assured them of their good-will towards the Assembly and of their desire to obtain the Shah's ratification of the Constitution, but that the Shah was not in a fit state of health for the document to be submitted to His Majesty. Minister of Court promised to submit it as soon as the Shah recovered; he added that he himself had advanced 450,000 tomans (90,000/.) to the Government, and was awaiting the Shah's recovery to settle his own account.

Saad-ed-Dowleh asked whether it was true that the troops were being paid out of the funds collected by the Assembly, and if so, why were the Members not consulted. Moin-et-Tujjar said they had had several interviews with the Sadr Azam on the subject, and in consultation with him they had recognized the urgency of paying the soldiers, as they were being urged to take sanctuary in the Legations.

(Two members of the Russian Legation were present.)

Tuesday, December 11, 1906.

A representative of the Finance Ministry was present and was questioned. No result was attained, as he was not in a position to give much information.

The President proposed to appoint two Commissions, composed of from five to seven persons each, to inquire into the procedures of Justice and Finance, with a view to introducing reforms.

With regard to the internal loan:—

Saad-ed-Dowleh said: "I am informed that the loan operation had been concluded before the Assembly was formed, and the Government referred it to the Assembly out of respect. Now that the Government is prepared to borrow from the people, if delay should occur, and the nation should not take steps to carry out its part, the Government will be obliged to borrow from abroad."

The President: "What can the nation say when it is not prepared to come forward with the capital for its own protection?"

Saad-ed-Dowleh: "The nation was first willing to give this money, without any return, in order to assist the Government. Now the people fear that they will disburse the money without a return, while the persons who acted as intermediaries between the nation and the Government have given money to the bank, and, of course, want their money, and are confident that it will not be lost. I inquired at our last sitting concerning the source from which the money is drawn which is being paid to the troops. It became apparent that they wanted to take the money from the shareholders of the bank, who refused, and did not give the nation's money until the Sadr Azam gave them a definite assurance; and that was given out of his own personal money, which had been taken to the bank, and not from others. As the importance of this question has been lost sight of, it is my opinion that notices should be issued and statements made from the pulpits in order to rouse the people; and the provinces should also be reminded and asked for help. The Princes and wealthy people should also be urged to assist, and notices should be sent to them by the bank. . . ."

Several persons said that as soon as the Constitution was signed every one would subscribe.

Saad-ed-Dowleh: "The money is on deposit with the merchants, and will not be given until the Constitution is signed."

Abul Hassan Khan: "I am certain that the people are waiting for the Constitution. When it is signed the money will be forthcoming."

(The American Minister and two members of the British Legation were present.)

Thursday, December 13, 1906.

The Mujtehed, Agha Seyed Abdullah, who is not a Member of the Assembly, opened the proceedings as follows:—

"It is clear to every individual Member of the Assembly and to others that the people gave their souls for the Assembly and put their heads in the palms of their hands in order that Moslems should have justice. In the beginning the number of the enemies of the Assembly was great; but now, praise be to God, they are very few, and their power is small; but still they occasionally seize an opportunity to pour salt on the fire. The Deputies of our Assembly are all, praise be to God, good men, hard workers, who know their duties and are unprejudiced, and until now no evil or undesirable word has been spoken against the Princes or Ministers of State in this Assembly; therefore the accusations brought against the Assembly are due to treachery. Yes, the Assembly says: Why has such and such a place been looted, and why does oppression exist in such and such a province, and why have they been guilty of such and such an evil deed? These remarks do not concern a particular individual. It is evident that a wrong action must be exposed. The object of the institution of the Assembly is even this. Of course the Deputies are well aware that this Assembly is the means of drawing together the Government and nation, and after the institution of the Assembly the division between the Government and nation was completely done away with, and each is a well-wisher of the other."

After making the above statement, Seyed Abdullah, addressing the Deputies, said:—

"If you have heard that any Deputy has expressed an evil word about any one, say so."

All present denied this.

Mirza Abdul Hassan Khan (Shiraz): "Should one of the Deputies point out that oppression exists in the Province of Fars, the Governor must not take it a personal matter."

The proposed National Bank Articles were then read and discussed. The six proposed Articles run roughly as follows:—

1. Shares in the National Bank may be acquired by all Persian subjects, but foreign subjects will not be allowed to participate.

2. All the revenues of Persia must be paid into the bank, and the Ministry of Finance will draw on the Bank on behalf of the Government.

3. The bank will be empowered to undertake mortgages, loans and advances, local and foreign, in accordance with the Laws of Islam.

4. After the expiration of the Concession of the Imperial Bank of Persia for the issue of bank-notes, the Concession will be given to the National Bank.

5. The bank will have priority, on equal terms, with respect to the construction of railways and roads.

6. The bank will have priority, on equal terms, with respect to the working of mines.

Saturday, December 15, 1906.

Agha Seyed Mohammed the Mujtehed, made the following remarks:—

"Firstly, you must put in order the internal affairs of your Assembly, so that the speeches should be delivered in proper order. A tribune should be made, so that any one making a speech should do so from there. Every one could then hear and understand. The discussions of the Assembly are now observed and commented upon everywhere, both at home and abroad."

The National Bank project was again read and discussed. The principal point debated was as to whether or not foreign participation was to be allowed. It was pointed out that if the Mussulmans of the Caucasus were permitted to take shares, for which they had asked, those of Turkey and India could not fairly be excluded. A suggestion was made that an agreement should be made with the foreign Powers concerned providing that foreign subjects should submit all questions arising out of their connection with the Bank to Persian jurisdiction without foreign Consular interference. The debate was reported as follows in the "Official Gazette":—

Mohammed Ismail urged that the Mohammedans of the Caucasus, who had shown their sympathy with the national cause, should be allowed to participate in the National Bank.

The President said this could be allowed only if foreign subjects were amenable to Persian jurisdiction as in other countries where foreigners were amenable to the ordinary laws.

Mohammed Ismail said they need not go into that question, but should have the option of giving foreigners shares in the bank.

Abdul Hassan Khan said that in that case a tenth of the shares must be allotted to the Moslems of the Caucasus, another tenth for the Moslems of Turkey, and yet another tenth for the Moslems of India.

Haji Mohammed Ismail considered that one-tenth would suffice for all foreign Moslems. If Arrangements and Treaties were made, the Moslems could then take shares, otherwise they would not be allowed to do so.

Sadik Hezret said that some countries obtained influence and interest in others through commercial affairs of this kind. It was not therefore desirable to allow foreign participation.

Moin-et-Tujjar said that if the foreign Representatives agreed to a special Convention regarding jurisdiction in matters concerning the bank, there would be no objection.

Sunday, December 16, 1906.

It was suggested by a Deputy that the provincial Deputies should be allowed salaries and travelling expenses. The proposal was negatived, and it was agreed that no salaries would be allowed and travelling expenses would have to be borne by the Deputies or their constituents.

The Constitution was then discussed and reference was made to the attitude which the Crown Prince (then on his way to the capital) was likely to assume towards the Assembly. Seyed Abdullah, Mujtehed, then read a letter addressed to him by the Valiahd, which ran as follows:—

"After inquiring after your noble health, I trouble you as follows: I hear that you have received a letter from Tabriz saying that the Valiahd is against public opinion and does not accept the Council granted by His Majesty the Shah. Firstly, I take oath by the Almighty that this report is quite untrue and without foundation. I pray to Providence for the prosperity of the Government and the nation, so that present misery may be done away with. Secondly, I take oath by your ancestor (the Prophet) that I have not sent any emissaries to the holy places. You understand that if I had sent an emissary it will not remain a secret and will become known. Why should I be against

this opinion and object to the prosperity of the country? Thirdly, I am surprised that you should have such an opinion of me and place confidence in the letter in question. Do you not know the self-interested persons? The present case is a trifle. They will take a thousand measures of this kind against me. Why should you believe them? I request you to let others know that these are accusations against me. I expect an answer to this letter. No more trouble to give you."

The reading of this letter caused considerable impression, and, after a brief silence, a Member moved that all should pray for the Valiahd, which was done.

Tuesday, December 18, 1906.

Telegrams were read from Mazanderan announcing the election of Deputies.

Agha Seyed Hussein Burujirdi complained bitterly of the oppression suffered by the inhabitants of Burujird at the hands of the Governor Salar-ed-Dowleh (the Shah's son). Some excitement was caused by the energetic protests delivered by the speaker.

Two telegrams were read, one from the Moslems at Baku, and another from Tiflis, congratulating the Assembly and offering help. Appropriate replies were drafted and approved.

The Address of the Assembly to the Crown Prince was read and approved.

At this stage of the proceedings Seyed Abdullah, the Mujtehed, entered, and everyone stood. The Mujtehed immediately embarked on the subject of anonymous pamphlets against the Assembly, which are distributed at night. He said:—

"We complain bitterly of the action of some persons unknown, thieves of humanity and religion, who have filled the place with revolting pamphlets on gelatine. If you, the perpetrator of this deed, are humane, and have anything to say, come to this Assembly, which is an Assembly of freedom, and say it. Have the courage of your opinions. Sign your name or come to this House, and prove your words"

In answer to a question, the President said that a letter had been received from the Foreign Minister announcing the dismissal of the Vali of Bagdad and the Mutessarif of Kerbela in connection with the Kerbela outrage.

It was proposed to elect some of the Members by vote to present the Address to the Valiahd, which was done.

(Several members of the British Legation were present.)

Thursday, December 20, 1906.

It was proposed to select a Committee of Members to report on the finances. Twelve Members were named by the President, out of which six were to be chosen by vote. Forty-eight Members voted, and the following were elected:—

							Votes.
Vosough-ed-Dowleh	..	..	..	..	..	..	44
Haji Amin-uz-Zerb.	..	..	..	..	..	..	38
Owen-ed-Dowleh	..	..	..	..	..	..	34
Abdul Hassan Khan	..	..	..	..	..	..	33
Saad-ed-Dowleh	..	..	..	..	..	..	25
Haji Mohamed Ismail	..	..	..	..	..	..	18

A telegram was read from Barfrush to the effect that the national school there had subscribed 100 tomans to the National Bank.

Questions were put with regard to the deputation of Members sent that morning to wait on the Crown Prince with the Address drawn up by the Assembly. An account was given of the gracious manner in which the deputation was received, and of the Prince's good-will towards the Assembly. The two principal Mujteheds expressed their gratification at the Valiahd's benevolent attitude. One of the Members called to the Assembly to cry "Long live the Crown Prince," which was unanimously done. The Crown Prince's reply to the Address was published in the "Gazette" as follows:—

"It is apparent to every enlightened person that the progress of every powerful State in the world has been brought about by a true bond of union between the State and nation, and these conditions cannot be acquired or strengthened excepting by the institution of a National Assembly, which is a source of strength between the State and

nation; and now that, God be praised, His Imperial Majesty the Shah has granted the foundations of this Assembly to the nation, I also am ready with all my heart to assist in the furtherance of this object, as I have been from the outset. For the progress of the State I can see no means more favourable than these foundations. It is desirable, moreover, that the Assembly should give its whole attention to the matters with which it has to deal, and should employ its utmost care, energy, and endeavour, in order to remedy evils, and that it should spare no pains in carrying out its duties."

The Constitution was again discussed, and it was stated by the President that, in view of the attitude of the Crown Prince, they hoped to receive it in a few days.

A letter was read from the Mussulman pupils of the American Mission school at Tehran subscribing 150 tomans to the National Bank.

Note.—The Shah's Rescript, appointing the Valiahd Regent with plenary powers, was issued.

Saturday, December 22, 1906.

Agha Seyed Hassan (Tabriz) made an important speech dealing with the proceedings of the Assembly, which he considered irregular. He said:—

"1. That the Members did not come in at an appointed time, and that when discussing matters the proceedings were not at all regular, and that their discussions had no finality;

"2. That the presence of the provincial Members was very necessary in order that all parts of the country should be represented;

"3. That Ministers of the Crown should be present in order that questions might be put to them. He desired to question the Foreign Minister respecting the Kerbela outrage, but that it was impossible to do so;

"4. That it was essential that the Constitution should be signed without any further delay."

The President, in reply, said that in course of time things would be placed on a more satisfactory footing; but that, as the Member for Tabriz had pointed out, the ratification of the Constitution by the Shah was most urgent, and that everything depended upon it.

The two principal Mujteheds spoke of their visit to the Crown Prince and of his benevolent attitude towards the Assembly.

A telegram was read from Kerman, addressed by the Governor-General Firman Firma to his agent, instructing him to pay 10,000 tomans (2,000*l.*) to Haji Amin-uz-Zerb for shares in the National Bank, and promising 5,000 tomans (1,000*l.*) more after the New Year (20th March). The money was paid over in bank-notes.

Sunday, December 23, 1906.

The Constitution was discussed. Saad-ed-Dowleh stated that the Government had raised two important questions which were the source of the delay:—

1. The power of the Sovereign to dissolve the Assembly.
2. The formation of an Upper House or Senate.

With regard to the latter question, the Government proposed that the Senate should be composed of sixty Members, of whom two-thirds should be appointed by the Government and one-third elected by the nation. He added that he had waited on the Crown Prince, who, he felt convinced, was well disposed towards the Assembly.

The d'Arcy Oil Concession was next discussed. Saad-ed-Dowleh said that a Commissioner was appointed by the Persian Government at a salary of 6,000 tomans (1,000*l.*) a-year to see that the terms of the Concession were carried out. The concessionaire had engaged to employ natives and to observe certain other conditions, but the Commissioner was not aware of the nature of his responsibilities. He should be instructed to come before the Assembly, and if he had failed in his duties his salary should be reduced.

The question of the meat supply of Tehran was discussed, but no decision was arrived at.

Tuesday, December 25, 1906.

The only question before the Assembly was the Constitution. At 9 A.M. Mushir-ul-Mulk (the Grand Vizier's son) attended, on behalf of the Government, to discuss the Constitution with twelve Members of the Assembly, including the President and Saad-ed-Dowleh.

The principal points under discussion were:—

1. The power of the Sovereign to dissolve the Assembly; and
2. The formation of the Senate.

The remainder of the Members, the Mujtehed, and the spectators assembled in expectation of the opening at 3 P.M. Considerable irritation was caused by the non-appearance of the President and the other eleven Members, who were still closeted with the Government Representative. When they appeared at 3:20 P.M., and the President spoke of a compromise with the promise of a settlement of the questions at issue, it soon became clear that considerable opposition was to be faced. The President was accused of taking the side of the Government, and a noisy scene followed. The President was not given a fair hearing, and Saad-ed-Dowleh's supporters would not allow a further reading of the clauses of the Constitution as amended by the Government. The Mujtehed, after retiring into an adjoining room and conferring with Saad-ed-Dowleh, returned to the Assembly and joined in the attack on the President, who, after further fruitless attempts to make himself heard, offered to resign, and left the House.

The proceedings lasted from 3:20 until 7 P.M., and it was generally thought that Saad-ed-Dowleh had at last attained his object of overthrowing the President; but it is said that forty of the Members announced their intention of resigning should the President do so, and eventually he was induced to reconsider his decision by the Mujtehed and the majority of the Members. In this manner things were readjusted before the next sitting.

Thursday, December 27, 1906.

The three following persons attended on behalf of the Government to continue the discussion of the Constitution:—

Mushir-ul-Mulk (Grand Vizier's son); Mohtashem-es-Sultaneh (Minister in London designate); Moayed-es-Sultaneh (ex-Minister in Berlin).

Although it had been arranged that the discussion should be conducted publicly before the whole Assembly, the Members all adjourned to a separate room to which the public was not admitted.

The sitting lasted from 2:15 until 8:30 P.M.

The Assembly held out for a Senate composed of one-third appointed by the Government and two-thirds elected by the nation, as well as an undertaking on the part of the Sovereign that the Assembly should not be dissolved during the first two years. The Government Representatives, though inclined to compromise, could not be induced to allow more than twenty-five elected Members out of a total of sixty, leaving thirty-five to be nominated by the Government. Thus matters were left when the Assembly rose.

Saturday, December 29, 1906.

After several telegrams from the provinces relating to the election of Deputies had been read, Mushir-ul-Mulk and Mohtashem-es-Sultaneh entered, and the Constitution was again discussed. Mushir-ul-Mulk said that the result of Thursday's discussion had been reported to the Crown Prince, who has been graciously pleased to accept the proposal made by the Assembly with regard to the Budget, which will be discussed and voted by the Lower House and then passed on to the Senate, which will be able to express views upon it, but not to alter it without the consent of the Assembly. With regard to the Senate, the Crown Prince was willing to agree that half the Members should be elected by the nation and half appointed by the Government. The Assembly voted on this point, and it was agreed upon by a majority of about thirty. Soon after the result was made known, a commotion was created by some of the spectators who

protested against the acceptance of these terms. The President ordered the suppression of the disturbance, and warned the spectators that they would be turned out if they continued to give trouble.

The sitting lasted a little over an hour.

Sunday, December 30, 1906.

The provincial elections, and the general procedure to be observed, were discussed at some length.

One of the Members severely criticized the postal administration, and Saad-ed-Dowleh joined in an attack on M. Naus, though that gentleman's name was not actually mentioned. In referring to what he preferred to call gross mismanagement, rather than actual dishonesty, Saad-ed-Dowleh said that many things had to be done, but he would put off a more explicit expression of his views until the Constitution was actually on the President's table.

It has been rumoured that the Constitution had been signed by both the Shah and the Valiahd that morning, and was to be brought to the House that afternoon by the Grand Vizier in person.

The House rose at 4:15 P.M., and the Members and the spectators waited some time longer, but the Constitution was not brought. It was, however, announced that it would be signed before the sitting of the following Tuesday, and brought to the House on that day.

Tuesday, January 1, 1907.

The Sadr Azam, accompanied by his son Mushir-ul-Mulk, and several other important officials, attended at the Assembly at 2:30 P.M., and formally delivered the Constitution to the President.

The document, which was dated the 30th December, bore in the Shah's handwriting the word "Correct," and was sealed by the Valiahd and by the Sadr Azam.

It was read out by one of the Deputies, and was listened to by the Assembly and a very crowded audience in respective silence.

At the close of the reading every one cried: "Long live the Shah!" "Long live the Valiahd!" "Long live the Sadr Azam!" and, "Long live our Clergy!"

A brief summary of the Constitution has been translated and is appended.

(Signed) G. P. CHURCHILL,
Acting Oriental Secretary.

Annex.

Summary of Persian Constitution, signed December 30, 1906, delivered to the Assembly by the Grand Vizier and read January 1, 1907.

ARTICLE 4. Lower House composed of 162 Members, which can be increased to 200 in case of need.

Article 5. Members elected for two years, to commence on date when all Members of provinces are ready at Tehran.

There shall be General Elections after two years.

Article 11. Members must take oath of fidelity.

Article 12. Inviolability of persons of Members under certain conditions. Members accused must be tried by the Assembly.

Article 13. Proceedings of Assembly to be public and account to be published in special newspaper.

Article 16. The laws will be made with the approval of the Assembly.

Article 17. The Assembly will have the right to propose laws and will send them to the Senate for further discussion.

Article 18. All matters pertaining to the Budget and all proposals of the Government in regard to financial matters will be carried out with the approval of the

Assembly. All matters pertaining to the administration of provinces and the appointment of provincial Governors may be discussed by the Assembly. The Budget of all the Ministries should be ready fifteen days before the end of every year for the following year.

Article 19. Any alteration in the Regulations of the Ministries or the creation of new ones, though proposed by responsible Ministers, can only be carried out with the approval of the Assembly.

Article 20. The sale or transfer of Government properties can only be done with the approval of the Assembly.

Article 21. No Companies can be formed without the approval of the Assembly.

Article 22. No Commercial Treaties can be made without the approval of the Assembly.

Article 23. No loans, whether foreign or local, may be made without the approval of the Assembly.

Article 24. Should the Assembly find fault with the way in which Ministers carry out the laws, they have the right to call upon them for explanation.

Article 25. The building of railways or roads, whether by foreign or local Companies, or otherwise, can only be undertaken by the consent of the Assembly.

Article 26. Should any Minister commit any act contrary to the laws promulgated by the Assembly, he will be held responsible to the Shah.

Article 27. Should a Minister be found guilty of having committed an offence in the above sense, the Assembly will ask for his dismissal. He will be tried by the Courts of Justice, and not allowed again to hold a Government post.

Article 28. The Assembly will have the right whenever necessary to submit through a Committee any Petitions to the Sovereign through the Grand Vizier.

The Senate.

Article 41. Another Assembly will be formed, called the Senate, composed of 60 Members, of whom 30 will be appointed by the Government, and 30 elected by the nation. The Government will appoint 15 from Tehran and 15 from the provinces. The nation will do likewise.

Article 42. After the institution of the Senate all affairs of State will be referred to both Houses. Any proposals made by Ministers or the Senate are decided on by vote in the Senate; they will then be referred to the Assembly. Proposals made by the Assembly will be passed on to the Senate. Matters pertaining to the Budget will be first discussed by the Assembly, and after a decision has been come to the matter will be referred to the Senate, which will have the right to make amendments, and will then refer the question back to the Assembly, which will either accept or reject the amendments as desired.

Article 43. When the proposals of Ministers have been amended and agreed to by the Senate, and then referred to the Assembly, but not accepted, and should the question be important, a third Assembly will be formed composed of Members of both Houses elected by their respective Members, in equal numbers, to discuss the points at issue and come to a decision. The decision arrived at will be announced to the Assembly, and if rejected will be submitted to the Sovereign. Should the Sovereign not accept the decision, he will command that the matter be again discussed.

The Valiahd gave a separate document undertaking not to dissolve the National Assembly for the first two years.

With regard to the possibility of dissolving the National Assembly, there is an Article running as follows:—

The National Assembly can only be dissolved if two-thirds of the Senate vote for the dissolution and their decision is confirmed by the Ministers in office. The Shah will then issue a Decree dissolving the Assembly, and at the same time order a General Election.

[2205]

Sir C. Spring-Rice to Sir Edward Grey.—(Received January 21.)

(No. 6.)

Tehran, January 3, 1907.

Sir,

WITH reference to my despatch No. 290 of the 4th ultimo, relative to the proposed joint advance to the Persian Government, I have the honour to report as follows:—

During the last fortnight the popular resistance to a foreign loan has shown no signs of diminution, and indeed the movement against every kind of foreign interference, whether political, commercial, or financial, has even increased. In order to restore Persia to a state of financial independence, it was proposed to found a National Bank, to which subscriptions were invited—sermons to that effect being preached in the mosque. But as there was no Bank Charter, and as the Shah had not signed the Constitution, it was felt that there was no security for lenders, and although there were many promises forthcoming, there was very little cash. A certain amount of money, about 6,000*l.*, was secured, mainly from the Imperial Bank, on commercial bills, for the purpose of paying the soldiers, and was, in fact, actually expended for that purpose. But it was soon apparent that the Government, if it required money, would have to apply to the foreign banks, who alone were in possession of ready cash. One serious difficulty in the situation arises from the enhanced price of silver. The rate of exchange at present is 1*l.* = 52 kran, while, according to the intrinsic value of the two metals, it should be 1*l.* = 42 kran, so that the purchase of silver for the purpose of coinage would result in a heavy loss, and the export of kran is a profitable transaction. As a consequence, the amount of coin in the country is limited and decreasing. The greater part of the available amount is in the cellars of the Imperial Bank, which naturally refuses to part with it until the Government has either accepted or rejected the offer of the joint advance.

The result of this situation has been to give rise to the impression that the foreign banks were putting pressure on the Government to induce it to accept the Anglo-Russian offer, and there was a certain degree of irritation in consequence. Both M. Hartwig and I did our best to explain that we stood outside domestic politics, that we had no interest in the loan, and that if the Persian Government required the money our Governments were ready to advance it publicly, and on conditions which had been communicated to the Assembly; but that we could not and would not sanction secret and separate advances either to the Government or to the promoters of the National Bank.

As, however, the financial position became more stringent, it became evident that the Government might succumb to the temptation of applying to us for a loan, in which case we should find it hard to withdraw our offer, while the blame would most certainly be laid on us by the Government, who would attribute their action to pressure from the Powers. At the same time, the Russian Minister received instructions from his Government authorizing him to approach the Valiahd on the subject of the loan, *i.e.*, to use that very pressure which we were so anxious to avoid the appearance of using. M. Hartwig and I both agreed as to the danger of adopting this course, which was no doubt dictated by the Russian Financial Department, and was certainly contrary to M. Isvolsky's expressed policy of non-interference. Under these circumstances, we informed our Governments that we thought it better to maintain our attitude of indifference and aloofness; and both Governments approved. There still, however, remained the danger that the Government or the Valiahd might ask us for the money without the consent of the Assembly, which would place us in a very invidious position, and M. Hartwig suggested that we should address a note to the Sadrazam withdrawing our offer. I informed you accordingly; but on consulting Mr. Rabino, the Director of the Bank, it appeared to me that our formal withdrawal would give an opening for a foreign bank in alliance with the new National Bank to offer to take over the 700,000*l.* owed by the Government to the Russian and English Banks on account current, bearing interest at 12 per cent., and thus cripple their operations, while supplying the new National Bank with permanent resources in the shape of the interest paid by the Government. The Government debt could be paid in London and St. Petersburg in gold, and no silver would be necessary in the transaction. M. Hartwig agreed in this view of the case, and thought it would be advisable, in giving notice of withdrawal, to leave the door open for further negotiations.

Since then, however, the Shah has sanctioned the Constitution containing a clause which gives the Assembly the power of financial control, and I learn to-day from a high

source that it is in the highest degree unlikely that the Government will apply for financial assistance to England and Russia, as they have already promises of a larger sum than that now offered by us from merchants in Persia, who will provide the money as soon as the bank is constituted. Whether or not these promises will be carried out in fact, it does not seem probable that the Government or the Assembly, in face of the violent popular opposition which now prevails, and the new rights granted by the Constitution, will apply for an advance which, under the terms of the contract, may have to be repaid in a year, thus necessitating another and larger loan. At the same time I venture to think it is not undesirable that the offer of the joint loan, which is an outward and visible sign of an understanding between England and Russia, should remain open in its present innocuous form of suspended vitality.

I have, &c.
(Signed) CECIL SPRING-RICE.

[2207]

No. 37.

Sir C. Spring-Rice to Sir Edward Grey.—(Received January 21.)

(No. 8.)
Sir,

Tehran, January 3, 1907.

I TRANSMITTED to His Majesty's Consul at Shiraz a copy of your despatch No. 161 of the 30th October last, inclosing a Memorandum from the Persian Legation complaining of his action with regard to criminals who had sought his protection. I requested Mr. Grahame to furnish me with any observations which he might wish to make on the complaint lodged by the Persian Legation, and I have the honour to transmit herewith copies of his reply and of a further despatch which I have addressed to him on the subject.

I have, &c.
(Signed) CECIL SPRING-RICE.

Inclosure 1 in No. 37.

Consul Grahame to Sir C. Spring-Rice.

(No. 95.)
Sir,

Shiraz, December 6, 1906.

I HAVE the honour to acknowledge receipt of your despatch No. 52 of the 17th November last, giving cover to a despatch No. 161 of the 30th October last, from His Majesty's Principal Secretary of State for Foreign Affairs, regarding a complaint made by the Persian Representative in London in respect of my action with reference to certain persons who had taken refuge in this Consulate.

In returning the despatch above referred to, I have the honour to transmit to you (in triplicate, as requested)—

1. An extract from the "Shiraz News" of the 15th-25th July last, containing the statement of the two cases of (1) Surour and Saadat; (2) Haji Abbas Khan.

2. An extract from my despatch No. 51 of the 25th July, 1906, to His Majesty's Chargé d'Affaires, Tehran, giving cover to the "Shiraz News" above mentioned.

3, 4, 5, 6, 7. Copies, in English only, of correspondence between the local authorities and myself on the two cases above mentioned (five letters).

8. A paraphrase of the portion of Mr. Grant Duff's telegram No. 46 of the 16th August, 1906, having reference to the case of Haji Abbas Khan.

9. A supplementary statement regarding the two cases above referred to, and a subsequent analogous case.

Perusal of these papers will show what my attitude has been in cases of "bastis" (refugees) accused by the local authorities (or their underlings) of crimes or misdemeanours.

I had considered that it was my duty in the case of persons who had taken refuge in this Consulate to use my best endeavours to obtain for them a fair trial, and, until their guilt was proved to my satisfaction, protection from possible maltreatment. I would submit for consideration that the procedure requested by me from the Persian authorities, which has given rise to the complaint formulated by the Persian Representative in London, is the only one which could in a measure secure that object.

In this connection I venture to cite the three following instances of Persian justice as practised in Shiraz:—

1. In January 1904 a Persian printer took refuge in this Consulate, stating that Ala-ul-Douleh had threatened to cut off both his hands. A "farrash" of his Excellency actually entered this garden to arrest this man. His offence was that he had printed a notice of the office hours of this Consulate. (Please refer to my despatch No. 1 of the 3rd January, 1904, and to Sir Arthur Hardinge's despatch No. 2 of the 23rd January, 1904, approving my action.)

2. In January 1905 Sardar-i-Akram, Vazier of Fars, caused Seyyid Fakhr-ul-Din to be imprisoned and beaten—I believe very severely—his offence apparently being that he was teaching in the Rev. Mr. Stileman's school. I protested, on the ground that this man was in the permanent employ of the Church Missionary Society. Prince Shuaa'-ul-Sultaneh then made a formal complaint regarding my action. (Please refer to my despatch No. 9 of the 30th January, 1905.)

3. In October 1905 Sardar-i-Akram caused a muleteer, Seyyid Khoda Rahm, sent to him by this Consulate through the Kharguzari for examination in connection with a road robbery, to be beaten, apparently severely, and for no just reason. (Please refer to my despatch No. 161 of the 7th October, 1905, *et passim*.)

Should the procedure requested by me from the Fars authorities in the case of Persian subjects who, having taken refuge in this Consulate, may be accused by the local authorities of crimes or misdemeanours be judged inadvisable, I would request instructions for my guidance in dealing with cases of such nature in future. In formulating these instructions, provision will no doubt be made for cases of slaves ("legitimately owned" or others), who frequently take refuge here praying for manumission, and against whom their owners sometimes set up a charge of theft.

I have, &c.
(Signed) GEORGE GRAHAME.

Inclosure 2 in No. 37.

Extract from the "Shiraz News" of July 15-25, 1906.

ABOUT mid-June two youths (freed slaves of Sultan-ul-Hajieh), named Surour and Saadat, took "bast" in the Consulate, alleging that they were being persecuted by "farrashes" of Salar-ul-Sultan for a theft which they had not committed. Mr. Grahame sent them to Nasr-ul-Douleh (in the absence of Salar-ul-Sultan) for inquiry, and was given to understand that it was not they but a younger brother of theirs who was guilty.

On the 17th July a youth called Haji Abbas Khan sought refuge in the Consulate, asserting that he was being falsely accused by some women. The next day the Karguzar called and asked for his surrender as guilty of having decoyed a woman. In both the above cases Mr. Grahame has replied in writing that he is prepared to send the accused, accompanied by the Consulate munshi and a "farrash," provided a safe-conduct be given and no violence used to them. If the accused be proved guilty to the satisfaction of the Consulate, His Majesty's Chargé d'Affaires to be requested by telegram to permit their surrender.

The Karguzar has addressed a further note pressing for unconditional surrender, and animadverting on the action of the Consul in sheltering evildoers.

Inclosure 3 in No. 37.

Consul Grahame to Mr. E. Grant Duff.

(No. 51.)
(Extract.)

Shiraz, July 25, 1906.

WITH reference to certain "bastis," surrender of whom unconditionally has been demanded with some insistence by the local authorities, I am confident that you will approve my action. I understand that his Excellency Ala-ul-Douleh is greatly incensed, and has protested to Tehran.

Inclosure 4 in No. 37.

The Karguzar of Fars to Consul Grahame.

16th Jamad I, 1324 (July 9, 1906).

ACCORDING to statements made by Seyyid Mahmoud Talabeh to his Excellency the Governor-General of Fars, persons called Sarour and Saadat have stolen effects of his as detailed below (here follows detail of some clothing, &c.), and some time ago went to the Consulate. You will certainly not consider it permissible that persons charged with this conduct should place themselves under the protection of the Consulate. It is obvious that the bad results of such action will not escape your notice. If it is agreed that every one to avoid his due should seek asylum in the Consulate how much trouble there will be in future, particularly (in the case of) persons accused of theft, and in view of the friendship existing between us, I expect that you will notify to them their expulsion from the Consulate, and will send them in order that inquiry be made in presence of his Excellency the Governor-General into the statements of Seyyid Mahmoud and Sarour and Saadat. After the facts have been ascertained an order will be issued as may be in accordance with the real merits of the case.

Inclosure 5 in No. 37.

Consul Grahame to the Karguzar of Fars.

Shiraz, July 10, 1906 (17th Jamad I, 1324).

I HAVE the honour to acknowledge receipt of your letter No. 44 of the 16th Jamad I (9th July).

With regard to the representations made by you about two persons called Sarour and Saadat, you are no doubt well aware that I am precluded and excused from driving out a person who may have taken asylum in this garden. Persons who come in here of their own free will must only leave of their own free will. Further, in the very days when the two persons came here I sent them to his Excellency Nasr-ul-Douleh, and was given to understand verbally that these two persons are not themselves guilty, but that they have a younger brother who is accused of theft, and he is at present in hiding. After this statement one of these two parties became a groom in the Government stables, that they might not be without means of subsistence. In view, however, of the friendship existing between his Excellency the Governor-General and this Consulate, I am prepared to send these two persons, accompanied by the head-servant of the Consulate, to his Excellency's presence, that an inquiry may be made into the question of theft, provided that his Excellency be good enough to give me a writing that no one will molest or do violence to these two persons on their way to or from the sitting or at the sitting, and that they be sent back the same day with the head-servant, whether guilty or not.

If it be shown and proved to me that they are really guilty, then perhaps their affair may be settled by some arrangement or device.

Inclosure 6 in No. 37.

Consul Grahame to the Karguzar of Fars.

Shiraz, July 19, 1906 (26th Jamad I, 1324).

WITH reference to our conversation of yesterday, during which you requested me on the part of his Excellency Ala-ul-Douleh that a person named Abbas Khan, who took refuge in this Consulate the day before yesterday and whom I understand to be accused of misconduct, should be given up, although I am precluded by old established custom from expelling by force from this garden any one who has taken refuge here, still, as I do not wish this place to become a resort of thieves and evildoers, I am prepared to send this person to his Excellency the Governor-General, accompanied by a "farrash" of this Consulate and by Mirza Keihan Khan, the Consulate munshi, in order that an inquiry may be held in presence of the latter.

I would, however, expressly request that his Excellency the Governor-General be good enough to give me a written assurance that, neither going nor coming, nor during the majlis, shall any one use violence to him, and that he will be sent back the same day,

whether guilty or not guilty, to this Consulate. Further, should the result of the inquiry show to the satisfaction of his Excellency and of the Consulate Representative that this party has been guilty of any serious offence I will then refer to the Legation by telegram for instructions. Kindly assure his Excellency Ala-ul-Douleh that I am personally most anxious to afford facilities in furtherance of the ends of justice.

Inclosure 7 in No. 37.

The Karguzar of Fars to Consul Grahame.

1st Jamad II (July 23, 1906).

I HAVE made myself acquainted with the contents of your reply letter of the 17 Jamad I (10th July) in regard to Sarour and Saadat, and in answer I have the honour to state that, in view of your expressions of friendship towards his Excellency the Governor-General and the desire verbally expressed by you for the furtherance of his Excellency's objects, it would be well that at this juncture you should send these two persons accused of theft without objection for inquiry and satisfaction of the opposite party. It is obvious that his Excellency the Governor-General would not consider it suitable to order an innocent person to be punished before explanation and revelation of the facts of the case, and if their fault should be clear it is certain that you would not wish that they should not be punished in order to put a stop to the objects (of others) in future. This cannot be denied that these two men went to the Consulate accused of theft, and if they had not of themselves had some special object they would not have gone there; and in view of the accusation it is regrettable that you should accept him as a servant in the Consulate, and considering the endeavours of his Excellency to maintain order locally and on the roads, it is very strange that you should delay to send these two men; and, further, how could you be content that Haji Abbas Khan, who is accused, according to the local report, of unseemly offences, should not be punished if it be true, and as to your suggestion that whether guilty or not he should be sent back to the Consulate that you may request instructions from His Majesty's Legation, you will no doubt agree that in view of your kind offices both manifested and intended, and of other duties performed by you, that this matter is far removed from established practice and duties, and you are aware that if every one to gain his unlawful private ends resort to the Consulate, and there be business of this sort, how much trouble there will be in future, and it is certain that until the offence of these men be clear they will in no wise be troubled, and if this accusation against them be justified they must be punished. I would request you to send me these two men to-day that an inquiry may be held, and both parties spared further trouble.

Inclosure 8 in No. 37.

Consul Grahame to the Karguzar of Fars.

Shiraz, July 25, 1906 (3rd Jamad II).

I AM in receipt of your letter No. 47 of the 23rd July, 1906 (1 Jamad II 1324), regarding the youths Sarour and Saadat, accused of theft, and a certain Haji Abbas Khan, accused of misconduct, and I will not hide from you that some of the expressions contained in your letter have caused me regret—e.g., that I am delaying in this matter. I must point out that if there is a delay in holding an inquiry it is caused by the Governor's officials not having yet furnished me the written guarantee requested in my letter No. 472 of the 19th July, without which I do not consider it permissible to send for examination persons who have taken refuge in this Consulate.

You further state that my action in this matter is "far removed from established practice and duties." I certainly did not expect such language from the Karguzar when overstepping my duties in a measure. I had purposely, with the greatest promptitude, offered facilities for inquiry, and undertaken, if the accused were proved guilty to my satisfaction, to request permission by telegram from His Majesty's Chargé d'Affaires to give them up for punishment.

I profit by this occasion to repeat to you, for the information of his Excellency Ala-ul-Douleh and yourself, that this Consulate since I have been in office has never sought, and does not seek, to shield evildoers from due punishment, nay—I have frequently pressed on the Fars authorities the necessity of punishing culprits.

For instance, in the matter of the forged cheque on the Imperial Bank of Persia,

if you will refer to my letter No. 454 of the 3rd July (10th Jamad I), Claim No. 33, you will see that I expressly requested the punishment of the offender, but although as I understand he is well known, I have not received from you any notice of proceedings having been taken against him.

Further, in the numerous cases of slaves, whose manumission has been requested by this Consulate, I have always demanded that the persons concerned in the traffic in slaves should be punished in accordance with the terms of the Treaty, but, in these three years, although six persons have been freed, I have never yet heard of any one being punished, on the contrary, I can bear witness that the Fars authorities have shown the greatest reluctance, and have, in some cases, delayed over a year to grant letters of manumission.

In the case of Haji Muhammed Mehdi, assaulted, as he asserts, in his own house, in the numerous complaints of the Qasids (messengers) and that of the telegraph "farrash," assaulted by Hassan-i-Wahhab, and in the cases of M. Veneziani's servants, my repeated requests for the punishment of the offenders have been constantly deferred, or, in some cases, entirely overlooked, or, in others, such answers have been given as "we cannot find the offender."

I had expected that his Excellency the Governor-General would have expressed his thanks for the facilities which I so promptly offered, not that you should address me a note in the terms of yours now under reply.

In any case, I must explicitly inform you that I do not consider it my duty, anxious though I am to afford his Excellency proof of my sincere desire to assist him in his admirable efforts to enforce order in Fars, to act otherwise in these two cases than I have indicated in my previous letters on this subject.

I would particularly request you to bring this note to the attention of his Excellency, that there may be no room for misunderstanding.

Inclosure 9 in No. 37.

Paraphrase of a portion of Mr. R. Grant Duff's Telegram No. 46, August 16, 1906.

IF Haji Abbas Khan is a Persian subject not connected with Consulate, and, under accusation of breaking law of Islam, our interference is not permissible. In such case you should deliver him up to local authorities.

Inclosure 10 in No. 37.

Supplementary Statement.

THE case of Sarour and Saadat remained in abeyance after the 15th July. Sarour continued in the service of the Consulate till November, when he left of his own accord. His brother Saadat did not remain permanently in the Consulate, but came frequently. Latterly, as I am informed, some friend has appeased Seyyid Mahmoud, author of the charge against these lads.

Haji Abbas Khan persuaded (as I afterwards heard) by the Karguzar, who it appears spoke to him in the Consulate garden on the 27th July, left the Consulate shortly after that date.

Case of Abbas Ali.—At the beginning of September a man called Abbas Ali, brother to a servant in the Consulate, took refuge here. Ala-ul-Douleh having sent to say that this man was accused by his "farrashes" of being drunk and disorderly, Mr. Grahame sent him to his Excellency accompanied by the Consulate munshi, requesting that the latter might be permitted to assist at the examination, and that the man, if found guilty, should be sent back with a statement to that effect, on receipt of which he would be formally handed over for punishment. His Excellency assented to this procedure, but with a very bad grace.

The man was found guilty of being drunk and of drawing a knife in a public resort. He was handed over as agreed. It was reported to the Consulate that a hole was bored through his nostrils and a string put through them. He was then led through the bazaars.

His Excellency was said to have openly declared that he punished the culprit thus severely because he had gone to the Consulate.

Inclosure 11 in No. 37.

Sir C. Spring-Rice to Consul Grahame.

(No. 55.)

Sir,

Tehran, December 24, 1906.

I HAVE received your despatch No. 95, relative to the complaint of the Persian Government on the subject of your action with reference to certain persons who had taken refuge in the Consulate, and have forwarded a copy to Sir Edward Grey.

With respect to your request for instructions for your guidance in dealing with cases of such a nature in the future, I have no doubt that these will be received in due course from the Secretary of State.

In the meantime I have to observe that these cases, when they arise, must be settled according to your discretion. The general principles to be observed are, as you are aware, that His Majesty's Government have no right to interfere officially on behalf of persons who are neither British subjects nor in British employ, simply because they have taken refuge in premises owned by the British Government. It is obvious that should a contrary course be followed, His Majesty's Representatives in Persia will have to undertake the duties of Advocate-General for all persons who conceive that they have grievances against their own Government. Should, however, Persian subjects take refuge in your Consulate, there is no objection, after inquiring into the case, to your making private and unofficial communications on the subject of such persons to the local Persian authorities, but you should be careful to explain both to the refugees and to the authorities that your action is not official, nor taken in your official character as British Consul.

With regard to refugee slaves, you should follow strictly the procedure laid down in the instructions, and if charges of theft are brought against them, you should explain that your action with regard to them is not intended to shelter them from the course of justice.

In conclusion, I would remark that in order to be of service to British interests, His Majesty's Consular Representatives must evidently be on as good terms as possible with the local authorities, and with this object in view should limit as far as possible the cases in which they feel called on to interfere. Interference is likely to be more effective if seldom exercised, and if confined to cases in which it is clearly justified.

I am aware that under the unfortunate circumstances of the last two years in Shiraz, it has been inevitable that conflicts should arise between the local authorities and yourself, and my observations are therefore of a general nature, and are not to be understood with special reference to the cases quoted.

I am, &c.
(Signed) CECIL SPRING-RICE.

[2208]

No. 38.

Sir C. Spring-Rice to Sir Edward Grey.—(Received January 21.)

(No. 9.)

Sir,

Tehran, January 3, 1907.

The German Minister has taken steps to secure the lease of a house at a rent of 20l. a-month for the temporary use of the school which is about to be instituted here for teaching the German language. This will probably be on the lines of the German school at Constantinople, which is subsidized by the German Government, and at which Turkish pupils as well as Germans are educated.

With regard to the German Bank or branch of the Deutsche and Dresdener banks which is to be established here, I am informed that the financial delegate who is to study and report on the financial and commercial situation in Persia will shortly arrive here. The German Minister informs me that, at present, it appears to him that the principal scene of operations of the bank, if it ever exists, will be in South Persia, in connection with the Hamburg shipping line recently established.

It is plain that there is no room here for a commercial bank, run on commercial lines, if not supported by the interest on loans to the Persian Government. But it is also plain that the new National Bank will be in want of foreign assistance in the shape of management, as also of European advances and co-operation. It possesses the exclusive right of concessions throughout Persia, and no foreign group will be able to obtain leave to conduct industrial operations in Persia without its co-operation

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K

and consent. Both the English and Russian banks are viewed with suspicion as the instruments of the system by which Persia has gradually been brought under foreign financial control, and M. Naus is especially the object of popular animadversion. Germany, on the other hand, is wholly unconnected with the above-mentioned system, and, besides, is not suspected of territorial designs. The German Bank will therefore have an easy task before it, if it desires to obtain a footing here. That is, it should have no difficulty in obtaining a position, by amalgamating with the new National Bank and lending it experienced European officials, which would enable it to be the vehicle for introducing German capital and promoting German enterprise in Persia, under the ægis of the popular movement.

And should it advance the 700,000*l.* necessary to pay off the debts, on current account, incurred by the Persian Government from the Russian and English Banks, it would secure the payment of an annual sum of 84,000*l.*, with interest at 12 per cent., which would give it a *fonds roulant* for its operations in Persia. All, however, depends on whether or no the leaders of the National Bank movement (some of whom have been educated in Germany) will consent to close co-operation with a foreign banking establishment.

I am informed that application has been made to Mr. Rabino, manager of the Imperial Bank of Persia, on behalf of the Persian National Bank. Mr. Rabino has made himself much respected and esteemed during the long period of his service here, and the application for his assistance is a great tribute to the character which he bears here. He refused the offer, but I hear that the managers are now applying elsewhere for foreign assistance. The Sadr Azam, who told me this, did not state where such assistance would be found. But he informed me that it is desired if possible to arrive at an understanding with the Imperial Bank, which possesses the sole right of issuing bank notes, with a view to eventual amalgamation or purchase. At present, Russian opposition would make amalgamation out of the question, though, apart from political considerations, this would obviously be the best practical solution of the present difficulty, at least from the point of view of the Persian Bank.

I should add that local financial experts take a very gloomy view of the prospects of the Persian National Bank, even if the money is ever forthcoming (which is doubtful), unless it is conducted under the strict control of Europeans, which again, in a Persian bank, would be a matter of great difficulty.

I have, &c.
(Signed) CECIL SPRING-RICE.

P.S.—I have since been informed on the highest authority that the Persian Government intends to put the collection of the internal taxes into the hands of the new bank, which will employ for this purpose Europeans, natives of an "independent Power," to whom application is now being made. I have no indication as to what Power is meant.

C. S.-R.

[2209]

No. 39.

Sir C. Spring-Rice to Sir Edward Grey.—(Received January 21.)

(No. 10.)

Sir,

Tehran, January 3, 1907.

I HAVE the honour to acknowledge the receipt of your despatch No. 173 of the 16th November, 1906, inclosing a copy of a letter from the Persian Transport Company on the subject of the Bakhtiari road.

I have forwarded copies of this despatch to His Majesty's Consular officers at Ahwaz, Ispahan, and Bushire, and have consulted Captain Lorimer by telegraph as to the desirability of Mr. Parry accompanying him on the inspection of the road, which it is proposed that he should carry out in the spring.

I have so far had no reply from Captain Lorimer, but I have recently received from him the inclosed Report on the condition of the road when he travelled down it in the autumn. This Report may perhaps obviate the necessity for a second inspection in the spring, and I await your instructions on this point.

Meanwhile, I have received intelligence that two of the Bakhtiari Chiefs, Sardar Assad (Haji Ali Kuli Khan) and Salar Arfa, are shortly expected in Tehran. They are believed to be proceeding to Europe, probably Paris, and it might be advisable for a

representative of the Transport Company to arrange a meeting with them there. I shall not fail to communicate to you any further information which I may receive of their intended movements.

I have, &c.
(Signed) CECIL SPRING-RICE.

Inclosure in No. 39.

Vice-Consul Lorimer to Sir C. Spring-Rice.

(No. 645.)

Ahwaz, November 20, 1906.

Sir,

IN continuation of my No. 629 of the 21st October, 1906, I have the honour to inform you that I have travelled down and inspected the Bakhtiari road.

Road.—The only signs of work done recently by way of repair which I saw were as follows:—

A little light spade work between Shalil mills and caravanserai. A considerable amount of repairs to the revetments of the zigzags of the upper two-thirds of the ascent from the Shalil bridge to the Gardan-i-Marwari, and the clearing of the surface of, and removal of loose stones from, the same section.

A little perfunctory clearing of the tract on the ascent from the Pul-i-Shalu to the first garden.

Clearing the surface of the short portion of the road which runs over the remains of the Rah-i-Sultani.

The supererogatory construction of a wall beside the road close to the Gardan-i-Sarrah, with stones not taken off the road, but from the surrounding country.

Perhaps a little earthing of the upper part of the descent from the Gardan-i-Sarrah towards Malamir.

I was accompanied down from Shalamzar by a servant of the Samsam's, who was to take notes of all places I should point out to him as requiring attention.

Like all Bakhtiaris, when it came to work he was useless, and I had a list drawn up by my own Mirza, which I have forwarded to the Ilkhani.

The places mentioned, as well as others, were pointed out to the man, who flatters himself with hopes of being put in charge of the work to the betterment of the track and his own circumstances (*sic*).

Caravanserai.—Inspection of the caravanserais substantiated the fact that no work had been done to them.

With the exception of the small inconveniently-placed Sarai at Puli-Shalu, all the caravanserais are ruinous and useless for accommodating caravans.

Bridges.—The two iron bridges are in excellent condition, as far as their painting is concerned.

Pul-i-Imarat.—With the following exception the paint is in perfect condition. The outer coat of white paint is a little rubbed on the iron perpendiculars at either end of the bridge, and there is a little chipping of the same paint on the tops of the handrails. In no case is the metal exposed, but only the under coating of red paint.

There is no other remark to be made about this bridge in any respect.

Pul-i-Shalu (Pul-i-Gudar).—The white paint is similarly slightly chipped in places on the top of the handrails.

Elsewhere no fault is to be found. I was able to examine the under side of this bridge from one end, and the paint on the iron road-bearing plates appeared to be in perfect condition.

It is more than two years since these bridges have been painted, and in my inexperienced opinion there is every prospect of repainting not becoming necessary for another two or three years to come.

The few places where the white paint has been slightly damaged are easily accessible, and, if necessary, any native of average intelligence would be safely intrusted with the task of scraping and repainting these places.

At the east end of this bridge (Gudar) the road surface of the earth has been worn away for a yard or two, and for a space of 2 or 3 feet the iron plates are exposed.

The masses of masonry, in which at this end of the bridge the steel suspension cables are made fast, want attention.

Where the cables enter the masonry in a downward direction interstices in the

plaster have appeared, giving an entry to rain. The plaster on the tops of these constructions has also been damaged, and weather in the long run will, no doubt, have disintegrating effect on them.

The guard walls at the west end of the bridge, but clear of it, are falling to pieces.

The cut stone masonry supports over which the cables pass have developed cracks in the arches of the gateways.

These are old (*vide* Mr. Parry's Report dated Ispahan, the 30th September, 1903, forwarded over the Secretary, Political Department, India Office, dated the 13th May, 1904), and I do not think they are increasing. No signs of faults in the foundation are discoverable. I am inclined to think that these cracks probably developed soon after construction, due to the outward thrust exerted on the uprights by the arches and the weight of masonry they carry, before the mortar had set. I do not think there is any cause for anxiety.

The Brick Bridge at Dupulan.—The main structure appears sound. What I previously reported as timber shoring, on closer inspection appeared to be the remains of the centering used in construction, and left *in situ*.

The cobbled surface of the single arch which rises in the middle has been destroyed, and a narrow track is cutting deeply into the brick work of the arch; this wants repair. The guard walls on the approaches on both ends of the bridge have been broken down and want replacing, especially on the north side of the east approach.

General Remarks.—I inclose an approximate translation of the Memorandum which I have sent to the Ilkhani, from which a fairly minute account of the state of the road can be deduced.

In point of fact there is not half-a-mile of the road between Shalamzar and the Malamir Valley which does not require repair or improvement, but to write in this style to the Khans would be worse than useless.

I am not hopeful of any very substantial improvement being made to the road or caravanserais. Several circumstances militate against it.

The Khans do not know what a road for transport should be, and are perfectly satisfied as long as they can make their own way up and down without breaking their necks.

They have no one qualified by attainments, nor, more important, by character, to be intrusted with the supervision of the work.

Their spirit is shown in the management of the caravanserais and supplies. Each caravanserai is farmed out for a yearly sum varying from 140 to 200 tomans. This amounting to about 840 tomans, together with the profit of the caravanseraidars, comes entirely out of the pockets of outside muleteers, who are compelled, even when there is choice, to buy from the caravanserais. Were the caravanserais habitable and the system of supply reliable this would not be such a hardship, but the reverse is the case.

The Khans might give up their profits from the caravanserais as promised by the Salar Arfa in July, but no cure for the radically unsatisfactory system of supply is to be looked for under the hagger-mugger condition of a Bakhtiari administration.

I have, &c.

(Signed) D. H. LORIMER, Captain,
His Britannic Majesty's Vice-Consul for Arabistan.

P.S.—I have not been able to prepare the translation referred to in paragraph 2 in time for this post.

D. H. L.

[2210]

No. 40.

Sir C. Spring-Rice to Sir Edward Grey.—(Received January 21.)

(No. 11.)

Sir,

Tehran, January 3, 1907.

WITH reference to my despatch No. 277 of the 7th November last relative to the proposal for the irrigation of the Karun Valley, I have the honour to inform you that the Netherlands Minister has again spoken to me on the subject. He stated that he has reason to believe that the German Government or Legation is interesting itself in the project, and that it is highly desirable, if German intervention is to be obviated, that an agreement should be assured as soon as possible. He urged that the Dutch scheme was completely non-political and international; that all nations would

be admitted to take their share, including Germany, and that British commerce would profit by it, as the material would be transported in British ships.

I reminded him that I had already stated that I was without instructions, and that if his Government desired information as to your views, they should apply direct to the Foreign Office through the Dutch Legation. If it was desired to secure British financial participation, overtures should be made in London to Messrs. Lynch, or any other commercial house interested in South Persia, or, in general, in schemes for irrigation.

He stated that he had already secured the co-operation of the Sheikh of Mohammerah, and of the Mouin-ut-Tujjar, his Tehran Agent, as well as the friendly attitude of the Persian Government.

I have made inquiries as to the latter assertion. The Mouin-ut-Tujjar informs me that neither the Sheikh nor the Persian Government will consent to intrust the irrigation of the Karun Valley to a foreign Company. The Sheikh intends carrying out the work himself, with the advice and assistance of a foreign engineer. There is, he says, no question of admitting foreign control, although the Dutch Syndicate had offered a very large advance to the Persian Government on the security of the income which they hoped to derive from the proceeds of their work when completed.

I have, &c.

(Signed) CECIL SPRING-RICE.

No. 41.

[2212]

Sir C. Spring-Rice to Sir Edward Grey.—(Received January 21.)

(No. 13. Confidential.)

Tehran, January 4, 1907.

Sir,

I HAVE the honour to transmit herewith a copy of an interesting despatch which I have received from His Majesty's Consul-General at Tabreez, reporting on the Valiahd's departure from that place, and adding some notes on his *entourage*.

I have, &c.

(Signed) CECIL SPRING-RICE.

Inclosure 1 in No. 41.

Consul-General Wratislaw to Sir C. Spring-Rice.

(No. 60. Confidential.)

Tabreez, December 4, 1906.

Sir,

AS reported in my telegram of this date, His Imperial Highness the Valiahd started to-day for Tehran. He took with him all the armed horsemen he could collect, 400 in number, and most of his Persian suite. Of the foreign members of it, only M. Carré, the French veterinary surgeon, accompanied the Prince, the rest either following with the Anderoon at the end of this week or finding their way singly to Tehran through Baku. I have the honour to inclose a Memorandum giving some notes on the various members of the Valiahd's *entourage*.

Yesterday His Imperial Highness had a very cordial interview with the members of the popular Committee. Indeed, where both sides are so sincerely thankful to see the last of one another, the parting could hardly be other than friendly. The Prince informed the Committee that they must consider him as their agent in Tehran and let him know all their wants, and the Committee, with equal hypocrisy, begged the Valiahd to leave his little son with them to be their beloved Valiahd. To-day the bazaars were closed, in order to give the population an opportunity of speeding the parting guest, of which great numbers availed themselves.

The critical state of the Shah's health is generally known, and no one believes that the Valiahd will ever return to Tabreez.

I saw His Imperial Highness for the last time alone on the 1st instant, when he was most gracious, and thanked me warmly for the assistance I had given him in dealing with the popular movement at Tabreez. He volunteered to send me his photograph from Tehran, and wrote me out a permit to shoot over his preserves whenever I pleased. As I can be of no possible use in future to His Imperial Highness,

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[1717]

I venture to believe that his expressions of good-will were sincere, and that he remembers the few instances in which I have helped him rather than the unfortunately numerous occasions on which my duty has brought us into collision during the past few years.

In order to pay the salaries of his *entourage*, and to meet other more pressing debts, the Valiahd drew cheques on the Russian Bank for 170,000 tomans, but the bank, being short of cash, stipulated that payment should not be made for forty-five days.

I understand that the Valiahd will be joined on the way by further mounted forces, and that the total escort with which he will enter Tehran will not fall far short of 2,000 men. He takes with him many spare rifles and much ammunition.

I have, &c.

(Signed) A. C. WRATISLAW.

Inclosure 2 in No. 41.

Notes by Consul-General Wratislaw on certain Members of the Valiahd's Entourage.

LOGMAN-EL-MEMALIK, the Valiahd's Persian physician. Educated in France and speaks French better than most of the other members of the suite. Is entirely French in his sympathies, and is at present rather out with the Russians because the Mirza of the Russian Consulate has laid claim unjustly to some of his property, and because in the general distribution of Russian decorations last winter he only got the same as Banan-es-Sultaneh and Siraj-el-Memalik. There has also been some dispute about calls between himself and M. Pokhitonow. The Valiahd likes him and allows him great freedom of speech. He professes to be ambitious of playing no greater rôle than that of medical man, and it is, indeed, doubtful whether he has sufficient nerve and brains for a politician. A very pleasant person.

Vekil-el-Mulk, formerly Sikat-ed-Dowleh, is Chief Secretary to the Valiahd, but seems to have very little to do in that capacity. Speaks French well. Has much impoverished his estate through extravagance. Is hardly likely to become a statesman, but would do well as Persian Representative at a European Court, where a good address is of more importance than ability.

Banan-es-Sultaneh. Does all the Valiahd's financial business, and is much trusted by him in that special line. Is very reserved and mixes little in society, but is credited with brains, and may be looked on as a dark horse. Is supposed to have pro-Russian proclivities, but probably simply follows his master's lead in this respect. He is credited with considerable means, but has not invested them in land according to the usual custom.

Siraj-el-Memalik, the Chief Chamberlain, and a nice old gentleman. Speaks a little French, but misunderstandings are likely to occur if one counts on his comprehending more than half of what is said to him in that language. The Valiahd has several times intrusted him with confidential messages for the British Consul-General, and he has always shown himself very friendly.

Majid-el-Mulk, one of the Chamberlains. Has shown some enterprise in building shops, &c., in Tabreez, and owns a considerable amount of property. Otherwise a nonentity, with rather Russian proclivities.

Fath-es-Sultan, the Prince's Keshikji Bashi, and a native of Karadagh. A very unscrupulous person, and likely to be employed for violent and underhand service.

Abou Fath, a youth educated in the Logman's School at Tabreez, and subsequently employed in the pharmacy started by the Logman and Dr. Coppin, and from thence promoted to be French interpreter to the Valiahd. The scandalous assert that he also ministered to the Valiahd in a less honourable capacity, but he is very civil and obliging, though undeveloped, and it might pay to cultivate him, with a view to future possibilities. He speaks French very well.

Ali Bey, educated at Galata Serai, and formerly aide-de-camp to the Valiahd. Escaped to France last year, and after spending all his substance there in riotous living attempted to blackmail the Valiahd by threatening to write scandal about him in the French newspapers. Subsequently made his submission, and was pardoned through the intercession of the Logman and M. Chapsal, but it is unlikely that so vindictive a person as the Valiahd has really forgiven him. Has lately picked up a livelihood by doing building and engineering jobs for the Valiahd. Speaks French, and is of an extremely unstable character.

None of the above seem to have any real influence over the Valiahd, who has always preferred to surround himself with nonentities, and runs his own show himself without

seeking advice from others. With the possible exception of Banan-es-Sultaneh, none of them are likely to develop into statesmen.

Foreign Members.—M. Chapsal (Edib-es-Sultan) began as Russian teacher to the Valiahd, and is now his aide-de-camp. Was born in the Crimea and is supposed to be a Jew. Is solely and simply an adventurer, but by his great tact and his readiness to be of use had made himself indispensable to the Prince, and is likely to go far. He seems to be entirely devoid of patriotism as a Russian, and plays entirely for his own hand, though it has of course been to his interest to stand well with the Russian Consulate-General, to which he has no doubt rendered good service by reporting all that goes on at the Court and making representations when required. He may be regarded as entirely devoted to the Valiahd. Up to the present, he does not seem to have established, or attempted to establish, any political influence over His Imperial Highness, but there is no saying what may happen in the future. He is very obliging and generally popular, and seems well worth making a friend of, but it would be rash to trust him too far.

Dr. Coppin, the Valiahd's French physician, is a French army surgeon with the rank of Major. He is a dangerous person, whose sole delight seems to consist in retailing or inventing scandal, and making mischief generally. He is quarrelsome and talkative, and his departure from Tabreez is generally hailed with delight. He has openly announced his intention of clearing all foreign medical men, including his own compatriots, away from the Court as soon as he arrives, and imagines that his influence over the Valiahd is immense, the reality being that His Imperial Highness has but a small opinion of him. He did not start with the Valiahd, but accompanies the Princess when news arrives that her husband has reached Tehran.

Other Frenchmen in the Valiahd's employ are M. Carré, his veterinary surgeon, M. Bourgeois, his architect, both of them gentlemen, but otherwise undistinguished, and M. Abraham, his firework maker.

It is at present doubtful whether Captain Colman, an ex-Russian officer, who teaches, or is supposed to teach, the little Princes French and Russian, will follow the Valiahd to Tehran. He knows English and French perfectly, but is otherwise an amiable mediocrity.

(Signed) A. C. WRATISLAW.

Tabreez, December 4, 1906.

[2213]

No. 42.

Sir C. Spring-Rice to Sir Edward Grey.—(Received January 21.)

(No. 14.)

Tehran, January 4, 1907.

Sir,

I HAVE the honour to transmit herewith the monthly summary of events in Persia which have not been recorded in separate despatches.

I have, &c.

(Signed) CECIL SPRING-RICE.

Inclosure in No. 42.

No. 1.—*Monthly Summary of Events in Persia.*

NORTHERN PERSIA.

Tehran.

1. THE Shah, who has been at death's door during the last fortnight, and has several times been given up by the doctors, continues to live.

On the 24th December the Shah, who was then in a very critical condition, and apparently realized for the first time that death was slowly creeping upon him, told the Valiahd, who stood with the Vezir Durbar and Prince Shoa-es-Sultaneh by his bedside, that he wanted him to be good to his brothers and Vezir Durbar. He then specially recommended to the Valiahd his own eldest son, Etezad-es-Sultaneh. Finally, the Shah expressed his desire to be first taken to Shah Abdul Azim and then buried at Kerbela. In this connection it may be interesting to note the burial-places of the Kajar Shahs.

Agha Mohammed Khan, the founder of the dynasty, was buried at Nejef, Fath Ali Shah and Mohammed Shah were both buried at Kum, and Naser-ed-Deen Shah was buried at Shah Abdul Azim.

2. The Valiahd arrived from Tabreez on the 16th December, and was proclaimed Regent a few days later. The Shah's Rescript ran as follows:—

"Valiahd,

"After your summons to Tehran—although God be praised, our condition is very satisfactory and we are on the way to improvement, but in view of the fact that assistance and the form of treatment especially necessitate the quietness of the Imperial mind—in accordance with this Rescript, we command that from this date henceforth, with the full powers which you possess, you will give each day your personal attention to all the affairs of State, with the knowledge of his Highness the Sadr Azam, and make the arrangements necessary for the regularity of affairs, and inquiry into matters, and the necessities of the State, and carry them out."

3. The Constitution was signed by the Shah on the 30th ultimo at 6 P.M. It was then sealed by the Valiahd and the Sadr Azam, and delivered to the Assembly on the 1st January.

4. The National Assembly, fully reported upon in Sir Cecil Spring-Rice's despatch No. 5 of to-day's date, was the one absorbing topic of interest during the month under review. Seyed Jemal, a prominent preacher, delivered stirring addresses to immense popular audiences in the mosques during the greater part of the month. The following quotation from one of his speeches will indicate the line he took up:—

"The clergy tell me that the Valiahd is in favour of the Constitution. Let us hope that it is so, but let me explain to you that no nation has ever earned liberty without bloodshed. Take Russia as an example. You should do what the Russians did, if necessary. The Czar, with an army of 2,000,000 men, who look upon him as a father, a master, and even as a divinity, had to give way before the public opinion, and had to grant a Constitution to his people. You must not be afraid of your lives. Death with honour is better than life with disgrace. We must sacrifice our lives for our country. In Russia women and children fight for liberty. I read in a paper some time ago that a boy, about 12 years of age, was running in the streets in one of the towns of Russia, crying 'Liberty! Liberty! Liberty!' Cossacks ran after him and fired at him. The boy ran on, though wounded, and still cried 'Liberty!' He came to a telegraph-post, which he climbed, still repeating the same sacred word, till he was shot again, and fell dead on the ground. That is the way to obtain liberty. Our spiritual chiefs now tell us that our future Sovereign is in favour of the Constitution. We have every hope that he is, but should he change his mind, we will also change our attitude towards him."

Tabreez.

Imam Kuli Mirza is Deputy Governor of Tabreez, and is reported by Mr. Wratislaw to be well liked, and does his best to keep things quiet. There is, however, some ferment owing to the action taken by a self-appointed Assembly calling itself the "Enjumen." The people of Tabreez manifest a very firm intention not to submit again to the former régime, and would, in Mr. Wratislaw's opinion, offer a stubborn resistance to any attempt to restore the old bad system of government. The rest of the country is not so much exposed as Azerbaijan to Russian influence, and the privileged position which Russian interests have attained in the province is much resented, and to a less extent seems to involve all foreigners in a temporary unpopularity. A similar situation prevails at Urmia, where the local "Enjumen" have the government entirely in their own hands. The state of insecurity in the frontier districts is as bad as ever, so bad, indeed, that the postal service between Tabreez, Khoi, and Urmia has had to be indefinitely suspended. The one bright spot in the Urmia situation has been a civil war amongst the Kurds of Tergavar and Mergavar, resulting in the slaughter of some scores of them, including Tellu Beg, one of the Begzade Chiefs implicated in the murder of Mr. Labaree. The villages have now begun to follow the example of the towns in forming "Enjumens" of their own, and have in some cases refused to recognize any longer the authority of their landlords' representatives.

Taking it all round, the situation in Azerbaijan is distinctly disquieting, and borders on anarchy. Things cannot go on long as they are at present, and yet were the Government to attempt to interfere actively, without the authority of the National

Assembly, the whole civilized part of the province would probably rise in revolt. The ordinary troops would be on the side of the people.

2. Mr. Wratislaw is now convinced of the identity of the so-called "Turkish soldiers" who occupied Mawana and the neighbouring villages in Persian territory. A French priest, who is both intelligent and trustworthy, stated that, when in Mawana on the 13th October, he saw about 100 regular Turkish soldiers, armed with Turkish regulation magazine rifles and bayonets (which latter weapon Kurds never use), and under the command of an officer. There was also a civilian official engaged in collecting taxes on behalf of the Turkish Government. They informed him that it was the intention of their Government to keep all the territory already occupied as far as the foot of the hills, leaving only Urmia and the plain to Persia.

3. In continuation of paragraph 5, p. 15, of last Summary, with regard to the steam-launch ordered from Germany by Imam Kuli Mirza for navigating the Lake of Urmia, it appears that the Russians have allowed it to pass the frontier at Julfa on condition that an undertaking was made by Imam Kuli Mirza not to take foreigners into partnership. Imam Kuli Mirza has asked Mr. Wratislaw to obtain designs from England for motors to be fitted to his wooden sailing-vessels on the lake. Mr. Wratislaw writes in this connection: "I propose to apply to Messrs. Thornycroft with this object, as I presume that the risk of offending unreasonable Russian susceptibilities may be disregarded when there is the chance of obtaining an order for a British firm."

Meshed.

1. The Ain-ed-Dowleh is at present on his estates at Ferriman, near Meshed. In view of the hostile attitude assumed towards him by the populace of Meshed, he avoided entering the city publicly, but visited the shrine of Imam Reza in disguise.

2. Major Kennion, who was acting for Major Sykes, left Meshed for Seistan, where he is to replace Mr. Daukes, on the 26th November. Captain Battye acted until Major Sykes' arrival on the 8th December.

3. The weekly reports from Meshed contain no items of importance. The province appears to be in a normal condition.

Resht.

1. The reform movement is strong in Resht, and is influenced by a powerful association at Baku, calling themselves "fedavi" (literally "sacrifice"), and numbering from 3,000 to 5,000 persons. The name is significant, as it is the same as that adopted by the historical Persian "assassins." The revolutionary, and even terroristic, attitude of a section of the reform party at Resht is due to the baneful influence of the Baku "fedavis." It is reported that two persons obtained a private audience of Hajji Khommami, the principal Mujtehed, and then, pointing their revolvers at him, asked him to choose between death or helping the reformers. Hajji Khommami assured them that the reform party had all his sympathy, and caused a notice to this effect to be posted up in the town. In this notice he heaps maledictions on the head of any person opposed to the aims of the new party.

2. The elections for the National Assembly are in progress.

3. Moin-ul-Mamalek, who first had to pay 800 roubles to liberate himself from the Baku "fedavi," had to pay a further sum of 500 roubles at Tiflis, and to give a written undertaking that, on his return to Resht, he would refrain from interfering with the reform party.

4. A Russian engineer has arrived at Resht, with the object of continuing the port works at Enzeli. It is understood that he proposes to carry two converging moles out from Gazian and Enzeli, which would extend past the bar. He stated that he and his colleagues had discovered the secret of the bar presumably in respect to the currents and displacements of sand.

CENTRAL AND EASTERN PERSIA.

Ispahan.

1. The state of the province is normal. An attempt was made during December to elect deputies for the National Assembly, but the member elected by the merchants refused to proceed to Tehran.

2. The merchants held a meeting to discuss the proposed contributions to the National Bank, but decided not to contribute, in view of the insufficiency of the security offered.

Yezd.

1. The anti-foreign movement at Yezd, which had been brought about by Haji Mirza Agha, one of the principal Mujtaheds, was suppressed by pressure from Tehran. The unfriendly agitations against Dr. White have ceased, and the Parsees no longer complain of persecution.

Seistan.

1. The Persian gholams on the Meshed-Seistan telegraph line are now paid by the Russians, and not by the Persian Government, as was formerly the case.
2. No progress has been made with regard to the settlement of the question arising out of the riots of last March, though the special Persian Commissioner has now been in Seistan many months.
3. The usual fall of the Helmund River occurred during November, but no incident appears to have arisen. The boundary, as laid down, seems to be respected as far as cultivation is concerned, though there is reason to believe the Seistanis, especially on the Takht-i-Shah frontier, are not so punctilious in the matter of grazing.

SOUTHERN PERSIA.

Shiraz.

1. At the end of November, the principal merchants of Shiraz spent a good deal of time at the telegraph office exchanging messages with the Tehran merchants on the subject of the financial situation. It was explained by the Tehran merchants that an internal loan of 2,500,000 tomans (500,000*l.*) was immediately required by the Government, and that 500,000 tomans (100,000*l.*) had already been subscribed by them. The Shiraz merchants, when asked to subscribe, asked for some definite security. The question of founding a Persian Bank, under a foreign Director, with a capital of 15,000,000 tomans (3,000,000*l.*), and that of a further internal loan to the Persian Government of 12,500,000 tomans (2,500,000*l.*) were also discussed on the wire.
2. Prince Muntasser-ed-Dowleh, ex-Governor of Abadeh, took sanctuary at the Indo-European Telegraph Office, but eventually left of his own accord. His liabilities to the Government amounted to about 1,000*l.*
3. The Acting Russian Consul at Shiraz has been in negotiation for the purchase of a valuable property, consisting of a fine house standing in a garden, for which the owner asks 10,000*l.*
4. The trouble which arose when the news of Ala-ed-Dowleh's recall was announced has entirely subsided.

Bushire.

1. About the 3rd November 100 mule-loads of ammunition arrived via Shiraz for the four guns which are still lying in the custom-house. The ammunition has been stored in Government house.
2. The first two launches purchased by the Persian Government in Bombay have been taken over and manned from the "Persepolis." They are apparently to be stationed at Bushire and at Mohammerah for customs purposes.
3. Seventy Jews passed through Bushire at the end of November *en route* from Shiraz to Jerusalem, where they intend to settle. This emigration is said to be due to the general ill-treatment which they receive in Persia at the hands of officials and the populace. Some Bushire Jews have also, for the same reason, gone to Jerusalem.
4. It is reported that the Persian Government have appointed an officer who will shortly arrive at Bushire in connection with certain proposed fortifications at Bushire, Lingah, and Bunder-Abbas.
5. The German steamer "Savoia" returned to Bushire from Bussorah on the 24th November, and left the same day for Bahrein. She took 10 pilgrims for Jeddah, besides the 70 Jews mentioned above, and 100 packages of gum for Hamburg. The

Bombay and Persia Steam Navigation Company's steamer "Hoseini" is said to be competing with the "Savoia" in the pilgrim traffic. She took fourteen pilgrims from Bushire and left for Bahrein on the 23rd, where she intended to secure the whole number of pilgrims waiting for a steamer to take them away. The pilgrim traffic is not as brisk as before. It is reported that the German Company intend sending a lighter steamer for their Shat-el-Arab journeys, and a steam-launch to tow cargo-lighters to and from their steamers in Bushire harbour.

Mohammerah.

1. The "Savoia" landed 700 bags of sugar and a gas pump weighing 3 tons, the latter for the Sheikh of Mohammerah. The goods were all German.

(Signed) G. P. CHURCHILL,
Acting Oriental Secretary.

[2215]

No. 43.

Sir C. Spring-Rice to Sir Edward Grey.—(Received January 21.)

(No. 16.)
Sir,

Tehran, January 4, 1907.

IT may not perhaps be without interest to put on record the following account of the circumstances under which the Persian Constitution was granted, which I have derived from one of the chief actors in that event:—

"After the Council, in which we had arrived at an agreement with the delegation of the Assembly, we thought that all the difficulties were over. But when the delegates returned with us to the Assembly and announced the decision (about the Constitution of the Senate) there was at first a silence, and then someone in the crowd of lookers on shouted that the Assembly had been betrayed. There was great confusion, and this extended to the crowd outside, and soon it was apparent that the people would not accept our proposal. There was a great disputing among us and among the members of the Assembly, and we thought that the breach was too great to be healed. But certain persons came from among the chief priests and Mollahs, and said that if we disputed only the enemies of freedom would profit. So we agreed to change our proposals, and the Valiahd made no difficulty in accepting what we thought necessary. The people, too, accepted what we had agreed on, and there was no longer any dispute. So all was ready for the Shah to sign. The Valiahd sent the paper to the Shah. His Majesty was sitting up in his chair, and very tired; still he could talk and reason. But when the messenger came with the paper, and His Majesty learned that it was the Constitution for him to sign, he said (quoting a Persian proverb) 'the will of the sick man is sick,' and refused to sign. This was on Sunday. It became known. Then some of the chief priests wrote a letter in which they said that if the Shah did not sign there would be trouble throughout all Persia, and that this would be the fault of the Shah, and that God's curse would be on him and follow him to the grave if the blood of his people, whom God had given to his care, were shed through his fault. This letter reached the Palace, and came into the hands of one of the courtiers, who read it. The Shah asked him what was in the letter. He tore it in pieces, and said that it was not a letter for the Shah to hear. The Shah became frightened, and insisted that he should be told what was in the letter. When at last he heard, he said 'I will sign to-morrow.' But some who were there said it would be better to sign that night, and so he sent for the Valiahd and the Sadr-i-Azam, and signed in their presence. When he had signed, he said 'Now I can die in peace.'"

I have, &c.
(Signed) CECIL SPRING-RICE.

[2242]

No. 44.

Sir A. Nicolson to Sir Edward Grey.—(Received January 21.)

(No. 17.)
Sir,

St. Petersburg, January 6, 1907.

I HAVE the honour to transmit copy of a private letter which I have addressed to M. Isvolsky, stating that His Majesty's Government agree that the date of making

a notification to the Persian Government of the withdrawal of the joint financial offer should be settled by a common agreement between the British and Russian Ministers at Tehran.

I have, &c.
(Signed) A. NICOLSON.

Inclosure in No. 44.

Sir A. Nicolson to M. Isvolsky.

Mon cher Ministre,

Saint-Petersbourg, le 5 Janvier, 1907.

JE n'ai pas manqué de communiquer à mon Gouvernement le contenu de vos deux lettres des 18 et 20 Décembre (A.S.), au sujet de l'avance à faire au Gouvernement Persan, et je suis autorisé à informer votre Excellence que mon Gouvernement partage l'opinion du Gouvernement Impérial qu'aucune notification concernant la suspension du crédit ouvert à la Perse ne serait faite qu'à un moment que, d'un commun accord, les Représentants Russe et Anglais à Téhéran trouveraient propice.

Veuillez, &c.
(Signé) A. NICOLSON.

[2248]

No. 45.

Sir A. Nicolson to Sir Edward Grey.—(Received January 21.)

(No. 24.)

Sir,

St. Petersburg, January 12, 1907.

I HAVE the honour to transmit herewith copy of a *pro-memorid* which I have received from the Ministry for Foreign Affairs relating to the recognition by the Russian and British Governments of the second son of the Shah of Persia as Heir-Apparent.

I telegraphed the substance of the Memorandum in my telegram No. 8 of to-day's date.

I have, &c.
(Signed) A. NICOLSON.

P.S.—On receipt of your telegram No. 5 of the 14th instant, I addressed a *pro-memorid* to the Russian Government, copy of which I beg leave to inclose, informing them of the concurrence of His Majesty's Government in the proposed recognition of the Sultan Ahmed Mirza as Valiahd.

A. N.

Inclosure 1 in No. 45.

Pro-memorid communicated by Russian Minister for Foreign Affairs.

Le Ministre de Russie à Téhéran fait savoir au Gouvernement Impérial que son collègue d'Angleterre a été invité à s'entendre avec lui afin d'annoncer au Gouvernement Persan que les deux Puissances sont prêtes à reconnaître le deuxième fils de Mohammed Ali Schah, Sultan Ahmed Mirza, né de sa seule épouse légitime, en qualité de Valiahd, ou Héritier du Trône de Perse.

Ne mettant pas en doute qu'une pareille action commune de l'Angleterre et de la Russie ne pourrait que contribuer à raffermir entre les deux Puissances l'accord dont elles sont en train d'établir si heureusement les bases en Perse, le Gouvernement Russe n'a pas manqué, de son côté, de munir son Représentant à Téhéran d'instructions analogues.

*Saint-Petersbourg, le 29 Décembre, 1906
(11 Janvier, 1907).*

Inclosure 2 in No. 45.

Pro-memorid communicated to Russian Ministry for Foreign Affairs by Sir A. Nicolson.

L'AMBASSADE de Sa Majesté Britannique a eu l'honneur de recevoir le *pro-memorid* du 29 Décembre (v.s.) que le Ministère Impérial a bien voulu lui adresser au sujet de la succession au Trône de Perse.

L'Ambassade de Sa Majesté Britannique est autorisée à déclarer que le Gouvernement Britannique est parfaitement d'accord avec le Gouvernement Impérial de reconnaître le deuxième fils de Mohammed Ali Schah, Sultan Ahmed Mirza, né de sa seule épouse légitime, en qualité de Valiahd ou Héritier du Trône de Perse. Les instructions nécessaires ont été envoyées au Ministre de Sa Majesté Britannique à Téhéran.

L'Ambassade de Sa Majesté Britannique saisit cette occasion d'exprimer au Ministère Impérial les remerciements du Gouvernement Britannique de la communication courtoise et aimable du 29 Décembre (v.s.), et elle a le plaisir d'être l'interprète des vœux sincères du Gouvernement Britannique que l'action commune de la Russie et de la Grande-Bretagne contribuera à raffermir l'accord entre les deux Puissances en Perse.

[2523]

No. 46.

India Office to Foreign Office.—(Received January 21.)

THE Under-Secretary of State for India presents his compliments to the Under-Secretary of State for Foreign Affairs, and, by direction of Mr. Secretary Morley, forwards herewith, for the information of the Secretary of State, a paraphrase of a telegram to the Viceroy, dated the 16th instant, relative to the question of reparation for attacks on the Seistan Consulate.

India Office, January 21, 1907.

Inclosure in No. 46.

Mr. Morley to Government of India.

(Telegraphic.) P.

January 16, 1907.

SEISTAN riots. Please see telegram, dated the 7th instant, from His Majesty's Minister at Tehran.

Spring-Rice was instructed on 9th instant to intimate to Russian Government, when suitable opportunity arrives, that, on condition of land required for hospital being sold to Consulate at nominal price, and our other two demands being immediately complied with, His Majesty's Government are ready, as graceful concession to new Shah, to abandon demands for free grant of land and for expulsion of Mullahs.

[2565]

No. 47.

Memorandum communicated by M. Cambon, January 21, 1907.

M. GUTMAN, Directeur au Caire de l' "Oriental Bank," et qui s'occupe activement du développement des intérêts Allemands en Égypte, annonce l'intention de faire un long voyage d'études en Orient pour lequel il se dit assuré du concours des Légations et Consulats d'Allemagne, qui lui donneraient leurs Drogmans pour l'accompagner.

M. Gutman se rendrait d'Égypte en Palestine, en Syrie, et en Perse; il retrouverait en Perse un officier ou ex-officier Allemand, avec lequel il étudierait des affaires diverses dont le Grand Vizir aurait déjà entretenu M. de Richthofen pendant la gérance de ce dernier, et qui comprendraient la fondation d'une banque privilégiée et peut-être un emprunt.

[1717]

N

De la Perse, M. Gutman gagnera la Mésopotamie par le Golfe Persique et parcourra la vallée de l'Euphrate.

Le père de M. Gutman serait à la tête de la "Dresdner Bank."

*Ambassade de France, Londres,
le 21 Janvier, 1907.*

[2503]

No. 48.

Sir C. Spring-Rice to Sir Edward Grey.—(Received January 21.)

(No. 10.)

(Telegraphic.) P.

BAKHITARI road.

Tehran, January 21, 1907.

His Majesty's Consul-General at Bushire telegraphs as follows:—

"No personal objection is entertained by Vice-Consul at Ahwaz to Mr. Perry accompanying him on his inspection of the road, but he thinks that it would obviate possible misunderstandings, and be in Messrs. Lynch's interest, if he (the Vice-Consul) travelled independently. He points out that he is in the position of a referee.

"Further details by post."

[39349]

No. 49.

Foreign Office to the Law Officers of the Crown.

Gentlemen,

Foreign Office, January 21, 1907.

I HAVE the honour to transmit to you herewith, by direction of Secretary Sir Edward Grey, the accompanying draft of the Persian Coast and Islands Order in Council, together with the papers relating thereto.

The officiating Political Resident in the Persian Gulf (who, as you are aware, is at the same time His Majesty's Consul-General at Bushire) suggested to the Government of India in 1903 that Article 32, Part VI, of "The Persian Coast and Islands Order, 1889," should be amended so as to admit of Vice-Admiralty cases being tried, in the absence of the Consul-General, by that officer's First Assistant. The Government of India and the India Office approved this suggestion, and on the 2nd September, 1903, addressed a letter to this Department (Paper (B)) inviting the concurrence of the Marquess of Lansdowne to the insertion of this amendment.

In a letter dated the 17th September of the same year (Paper (C)) this Department replied that Lord Lansdowne had no objection to the proposal to invest the First Assistant with the necessary powers, but that, in view of the abolition of Courts of Vice-Admiralty since the date of the Order in question, he would suggest the repeal of Article 32 and the substitution for it of another Article corresponding to those inserted in recent Orders for conferring Admiralty jurisdiction and containing the desired special provision regarding the Assistant.

The India Office, on the 23rd September, 1903, addressed a letter to this Department (Paper (D)) expressing their concurrence in this proposal, and in a further communication, dated the 11th May, 1904 (Paper (E)), suggested certain additional amendments as the result of a telegraphic correspondence with the Government of India.

In view of these suggestions, the moment appeared to this Department to be a favourable one for a general revision of the Order in such directions as the experience of the fourteen years which had elapsed since its promulgation showed to be advisable, and for the consolidation with it of "The Persian Coast and Islands Order in Council, 1895," which was itself nothing but an amendment of the earlier Order.

On the 11th June, 1904, Lord Lansdowne accordingly caused a letter (Paper (F)) to be addressed to Mr. Albert Gray, requesting him to draft an Order in Council giving effect to the amendments proposed by the India Office, and embodying such clauses of general application, which had been introduced into various draft Orders in Council recently prepared by him, as might be of advantage in the present case.

On the 4th October, 1904, Mr. Gray submitted a first draft of such an Order, with notes in which he called attention to new and altered provisions, and raised some questions which appeared to him to require consideration by this Department and by the India Office.

This draft and the notes were subsequently revised by Mr. Gray in consultation with Mr. Hurst, Assistant Legal Adviser to this Department, and the draft Order as amended in the light of their discussions (Paper (G)) was forwarded on the 25th October, 1905, to the India Office, with the suggestion that it should be submitted to the Government of India for their observations.

On the 21st November last the India Office addressed a letter (Paper (H)) to this Department forwarding a copy of a despatch from the Government of India, returning the draft Order with certain further amendments, and in this form it has now been reprinted (Paper (I)).

I am to request that you will take the draft (Paper (I)) into your consideration, and that you will favour Sir E. Grey with your opinion whether its terms are fit and proper for submission to the King in Council for His Majesty's approval.

Sir E. Grey would at the same time be glad to be favoured with any observations of a general nature which you may consider it desirable to offer on the papers now submitted to you.

I have, &c.
(Signed) F. A. CAMPBELL.

[2786]

No. 50.

India Office to Foreign Office.—(Received January 24.)

Sir,

India Office, January 23, 1907.

WITH reference to Sir E. Gorst's letter of the 5th March, 1906, and to previous correspondence on the subject of the measures to be taken for the protection of His Majesty's Legation at Tehran and British Consulates in Persia in the event of internal disturbances in that country, I am directed by Mr. Secretary Morley to inclose, for the information of the Secretary of State for Foreign Affairs, a copy of a telegram from the Government of India.

The orders which the Government of India now propose to rescind were transmitted to the Foreign Office, with covering letters, on the 19th May and 25th June, 1906.

Subject to any observations with which Sir E. Grey may favour him, Mr. Morley proposes to approve the course suggested by the Government of India.

I am, &c.
(Signed) A. GODLEY.

Inclosure in No. 50.

Government of India to Mr. Morley.

(Telegraphic.) P.

January 17, 1907.

SHIRAZ disturbances: Your telegram dated the 16th November last.

Reference is invited to our letter, dated the 18th May, 1906, to Resident in Persian Gulf, copy of which was forwarded with letter of 24th May from our Secretary in the Foreign Department. Reconsideration is urged by military authorities here of proposal that in case of serious disturbances small portion of troops should be sent to reinforce Consular guards inland, partly because of very considerable difficulties of supply and transport, but principally on the ground that regrettable incident might be caused, and further action, which we desire to avoid, might be entailed upon us if small detachments were dispatched over long distances at time of disturbance and popular excitement. We propose to rescind orders issued by us in pursuance of your telegrams of the 24th and 29th December, 1905, having regard to your decision in case of Shiraz, and to your telegram of the 1st February, 1906. In case of small local disturbances, troops would always be available, should necessity arise, for dispatch at short notice to reinforce Consular guards, but would no longer be specially held in readiness to meet case of serious and widespread outbreak, for which, except as regards ports on coast, they would not be available. Consideration above mentioned should guide Resident in the exercise of his discretion, but it might be possible for him, acting under Legation instructions, to support Shiraz from Bushire. I should be glad to know whether you concur in proposed action.

Repeated to His Majesty's Minister, Tehran.

[2962]

No. 51.

*Sir G. Mackenzie to Foreign Office.—(Received January 26.)*23, Great Winchester Street, London,
January 25, 1907.

Dear Sir Charles Hardinge,

I SEND you copy of a letter I have addressed to Sir Hugh Barnes, of the India Council, somewhat similar, but with one or two important additions, to the one I wrote you in October last.

Sir Hugh is a personal friend, and as I understand he represents the Foreign Department in the Council, I thought it desirable to ventilate the subjects in that quarter also.

I have no personal pecuniary interest in the Transport Company, and so leave the matter to be dealt with further by the Imperial Bank of Persia, whose representative I was at the annual meeting of the Transport Company.

Yours, &c.
(Signed) GEORGE S. MACKENZIE.

Inclosure in No. 51.

*Sir G. Mackenzie to Sir H. Barnes.*23, Great Winchester Street, London,
January 21, 1907.

Dear Sir Hugh Barnes,

THE knowledge you possess of Persian politics and the special interest I know you have always taken in them induces me to address you regarding the present position there.

As representative of the Bank of Persia, I recently attended the annual meeting of the Persian Transport Company, one-third of the capital of that Company being held by the bank, and the remaining two-thirds by the Euphrates and Tigris Steam Navigation Company, there being no other shareholders.

The Transport Company grew out of the Concession for road construction in Persia originally held by the bank, and which they at one time were on the point of selling to a Persian, no doubt acting for Russia.

At the request of the Foreign Office I intervened. This sale was prevented and arrangements concluded whereby the Euphrates and Tigris Steam Navigation Company purchased the bank's Concession, and formed the Transport Company as it now exists.

His Majesty's Government has long been alive to the political and commercial importance of supporting any reasonable effort for the construction of roads in Southern Persia, as is evidenced by the action of the Foreign Office in 1874, when I opened the route from Mohammerah to Ispahan, and urged the opening of the River Karun to navigation; and again in 1886, when I was in negotiation with the Persian Government, with the full knowledge and approval of the Foreign Office and India Office, for the construction of a light line of railway from Mohammerah via the Valley of the Diz to Hamadan and Kermanshah, the records of which are no doubt available in the India Office; and then again on the formation of the Transport Company.

The object of these negotiations I need not say was to "peg out our claim" and so prevent Russia from obtaining a monopoly which would practically force the British position back to the Persian Gulf littoral, thereby closing the trade of the Gulf to us, as has been done at Batoum and on the Caspian.

Since those days the active intervention of Germany in Turkey and Persia renders the present position more important and critical than if we had to guard against the Russian advance from the north alone. The better feeling at present existing between ourselves and Russia and the advent of a new Shah renders the present time peculiarly opportune for the reconsideration of this most important political and commercial question.

One of the clauses in the Turco-German Railway Convention is so astutely worded that when the Bagdad section of the line comes to be constructed Germany can claim the right to place an unlimited number of steamers on the Tigris, which

would prove the death-blow to the position we have held for so many years at Bagdad, and which forms the real base of our sea-borne trade in South and South-West Persia.

Should we remain indifferent to the consideration of the subject, I greatly fear that once any other foreign Power obtains a foothold upon the Bagdad-Kermanshah-Hamadan route to Tehran it will be difficult, if not impossible, for us to retrieve a position which I believe can now be secured at but comparatively trifling effort and cost by utilizing the agency of the Euphrates and Tigris Steam Navigation Company, and getting them to extend the Concession of the Transport Company by adding to it the road from Hamadan and Kermanshah to the Turkish frontier at Khanakin, and the construction of the road from there via the Dizful Valley to Ahwaz and Mohammerah, which, too, would render the important Persian trade passing through Bagdad independent of Turkish control or dues.

Should the opportunity present itself for demarcating our sphere of influence in Persia *vis-à-vis* to Russia, I trust the difficulty experienced with the Congo State in British East Africa through adopting a strict line of latitude may be avoided. In Persia the 34th degree of latitude appears to serve the purpose, but, on reference to the map, you will observe that such a line just cuts out from the southern sphere the very important trade route from Bagdad, while, too, it would have the effect of bringing the Russian sphere beyond the comparative desert track which separates the northern and south-western provinces, and bring her on to the fringe of the fertile lands in the southern sphere.

Kum, on the Tehran-Ispahan road, is in my view the suitable and reasonable meeting point of the British and Russian spheres of influence. If a point be taken on the Turkish frontier, from which a line running, say, 30 miles north of the Bagdad-Kermanshah-Hamadan-Tehran road would run to Kum, and thence drawn across the Great Salt Desert to its intersection of the 34th degree of latitude on the Afghan frontier, this would give us all we need trouble ourselves about in South and South-West Persia, as well as protecting the route via Seistan to Meshed.

Some years ago a German had the Concession for the Kamadan-Kermanshah road, but I believe it has long since lapsed, and we ought to endeavour to anticipate its revival.

To widen the base of the Transport Company it would be necessary to bring in other shareholders and increase its capital, and this could only be done successfully by the Government granting a small subsidy. The obstacle which may be presented by the Treasury might, in the first instance, be overcome by increasing the existing Bagdad postal subsidy, which increase could be specially ear-marked for the Transport Company, and this, again, might fully be provided for by bringing in the co-operation of the Persian Government, they hypothecating the new and increased customs revenue to be derived from extended grain cultivation and export, besides the great increase that would rapidly be effected on their existing customs and land revenues.

I am on the most friendly and intimate terms with several influential Persians at Tehran, through whom I could easily open informal negotiations without arousing undue suspicions, if only I felt that we might rely upon material support from our Government.

What I advocate is not from any personal motive, nor is it with any idea of hampering Russian interests in her legitimate sphere, which lies in the richer northern provinces bordering the Caspian.

I believe the co-operation of Russia and England in upholding the territorial independence of Persia would best further British and Russian commercial interests alike, while it could not fail to strengthen the political, financial, and commercial standing of Persia herself.

As regards our commercial interests in Persia, I may mention that in 1885 the tonnage of British steamers calling at the Persian Gulf ports aggregated 67,658; in 1895 it rose to 167,220, and in 1905 it reached 182,180 tons, while the foreign steamers in 1905 only reached a total of 7,260 tons.

I inclose a rough sketch map for ready reference,* illustrating the routes I have referred to, and showing their bearing on the general question.

Yours, &c.
(Signed) GEORGE S. MACKENZIE.

* Not printed.

Treasury to Foreign Office.—(Received January 26.)

Sir,

Treasury Chambers, January 25, 1907.

IN their letter of the 31st October, 1906, the Lords Commissioners of His Majesty's Treasury suggested certain principles which might regulate the settlement of accounts between the Indian and the Imperial Treasuries in respect of expenditure (mutually agreed to) on Diplomatic and Consular services in Persia; and in paragraph 4 they proposed that the claims of India payable in 1905-1906 and in 1906-1907 should be dealt with on these principles so far as the additional expenditure involved had received the specific sanction of this Board. But their Lordships did not then deal with various proposals (of which a Schedule is inclosed) for increased expenditure in Persia which have been brought before them, at the instance of the Indian Government, by your Department since 1904, and to which sanction has been withheld, pending the result of unofficial discussions as to the general question of the growth of expenditure in Persia and its incidence.

I am now directed to inform you that on further consideration my Lords are prepared to accept as a charge against Imperial funds one moiety of the additional cost of such of these proposals as have already been carried into effect, but they invite Secretary Sir E. Grey to consider, in conjunction with Mr. Secretary Morley, whether, in present circumstances, it is necessary to proceed with the remainder of these proposals.

The altered circumstances with regard to Persia lead their Lordships to urge upon the Secretary of State the consideration of the larger question whether, in the light of the present policy of His Majesty's Government, it will not be practicable and desirable to effect in the near future a substantial reduction in the existing establishments in Persia, and thereby to lighten the heavy charge which they now involve upon the revenues alike of India and the United Kingdom. Their Lordships would be glad to receive an expression of Sir E. Grey's views in due course upon the subject generally.

(Signed) G. II. MURRAY.

Inclosure in No. 51st.

SCHEDULE of Proposals for Expenditure in Persia, for which Treasury Sanction has been hitherto withheld.

Reference.	Subject.	Total Cost.		British Share.	
		Initial.	Recurrent.	Initial.	Recurrent.
Foreign Office letter of November 1, 1904	Assistant Consul at Seistan	£	£	£	£ s.
Treasury letter of November 28, 1904	..	..	480	..	240 0
Foreign Office letter, October 23, 1905	Second Assistant to Resident, Bushire	..	480	..	240 0
Treasury letter, November 8, 1905	..	..	(?)	..	(?)
Foreign Office letter, December 18, 1905, inclosing India Office letter, December 13, 1905	Military Attaché at Meshed	..	..	..	..
Foreign Office letter, July 10, 1905 (see also Foreign Office letter, November 1, 1904)	Kermanshah Consulate (temporary arrangement)	2,926	1,410	1,463	705 0
Treasury letter, November 28, 1904	Accommodation for Consul at Kerman	..	125 (say)	..	62 10
Foreign Office letter, February 20, 1905	..	..	130	..	65 0
Treasury letter, April 19, 1905	Ispahan. Increase of Indian escort.	..	1,060	..	530 0
Foreign Office letter, May 9, 1905	Kerman. Increase of Consular guard	470	7,767	235	3,883 10
" " " " May 15, 1906	General increase of Consular guards.	2,088	..	1,014	..
" " " " February 12, 1906	Bunder Abbas. Cost of Consular house	5,000	..	2,500	..
" " " " October 5, 1906	(non-recurrent)	..	..	..	..
" " " " September 22, 1906	Temporary substitution of an Indian for a native officer	220 (?)	..	110 (?)	..
" " " " October 16, 1906	as Vice-Consul, Bam	..	..	..	..

NOTE.—By Treasury letter of the 28th November, 1904, the Treasury invited reconsideration of certain proposals for increase at Bunder Abbas and Arabistan. No further communication has as to establishments at these places appears to have reached this Department.

The establishment at Koweit will be dealt with in a separate letter.

[2980]

No. 52.

India Office to Foreign Office.—(Received January 26.)

THE Under-Secretary of State for India presents his compliments to the Under-Secretary of State for Foreign Affairs, and, by direction of Mr. Secretary Morley, forwards herewith, for the information of the Secretary of State, a paraphrase of a telegram to the Viceroy, dated the 21st instant, relative to the Seistan Consulate escort.

India Office, January 26, 1907.

Inclosure in No. 52.

Mr. Morley to Government of India.

(Telegraphic.) P.

India Office, January 21, 1907.

ESCORT of His Majesty's Consul, Seistan. Your telegram dated the 7th January. Substitution of ten Sowars for infantry is approved by His Majesty's Government.

[3221]

No. 53.

India Office to Foreign Office.—(Received January 28.)

THE Under-Secretary of State for India presents his compliments to the Under-Secretary of State for Foreign Affairs, and, by direction of Mr. Secretary Morley, forwards herewith, for the information of the Secretary of State, a paraphrase of a telegram from the Viceroy, dated the 27th January, 1907, relative to the Meshed-Seistan telegraph line.

India Office, January 28, 1907.

Inclosure in No. 53.

Government of India to Mr. Morley.

(Telegraphic.) P.

January 27, 1907.

MESHED-SEISTAN telegraph.

Your telegram, dated the 8th instant. We consulted Consul-General, Meshed, and Consul, Seistan, by telegram on the 12th instant. Following are their replies:—

1. From Major Sykes:—

"Exclusive Persian control over both lines, with only Persian officials except at terminuses or with minimum number of clerks of both Powers at necessary centres, might be arranged provided Russia is prepared to act in good faith. In order that tapping may be prevented as much as possible all instruments should be out of line circuit."

2. From Captain Kennion:—

"Should suggestion of Consul-General, Meshed, in which I concur, prove impracticable, I suggest that we should adopt any scheme by which it will be insured that officers of one Power shall not have access to line while it is being used by the other. There are two alternative arrangements that would make this possible, viz.:—

"(1.) Use of Persian office, both at intermediate and terminal stations, by both foreign Powers.

"(2.) Establishment of neutral offices to be used both by ourselves and Russians.

"Maintenance of separate battery and instruments by both Powers would not be open to objection. Presence of British signallers, to remain in office while line occupied by us, would also be necessary, wherever Russians have them."

Following are my own views:—

1. That since large expansion of traffic must follow linking up of line with Russian and Indian systems, cost of second wire on Seistan-Meshed line is justifiable commercially, as well as on the political ground that it will give us equal control with Russians over line. Russians would presumably pay for extra wire on Tehran-Meshed line.

2. That suggestion of Consul-General, Meshed, to place both lines under exclusive Persian control is impracticable in view of past history, and that absolute Russian control of both lines, through medium of Persian employés, would be the result. Major Kennion's suggestion to establish neutral offices might serve as a purely temporary arrangement pending erection of second wires, or final settlement of question by exchange or otherwise; or if use of same office by officers of both Powers is objected to by Russians, separate offices, with commutator in separate shed outside, of which both Consulates possessed keys, might be established at both intermediate and terminal stations.

(Repeated to Tehran.)

[3274]

No. 54.

Mirza Mehdi Khan to Sir Edward Grey.—(Received January 29.)

Sir,

Persian Legation, January 28, 1907.

I AM in receipt of a telegram from my Government, stating that His Imperial Majesty the Shah, my august Sovereign, has been graciously pleased to appoint his second son, His Imperial Highness Soltan Ahmad Mirza, as Valiahd.

I have, &c.
(Signed) MEHDI.

[2786]

No. 55.

Sir Edward Grey to Sir C. Spring-Rice.

(No. 11.)

(Telegraphic.) P.

Foreign Office, January 30, 1907.

SEE telegram of the 17th instant from the Viceroy.

Do you think that such measures of urgency for the protection of Consulates are still necessary? It seems to us, in view of the Shah's peaceable accession, that they are not.

[3498]

No. 56.

India Office to Foreign Office.—(Received January 31.)

Sir,

India Office, January 30, 1907.

WITH reference to the third paragraph of my letter of the 1st May, 1906, regarding a proposal of the Government of India to increase temporarily the Consular guard at Kerman by eighteen sowars, I am directed by the Secretary of State for India in Council to inclose, for the consideration of the Secretary of State for Foreign Affairs, a copy of a letter from the Government of India containing a complementary proposal to substitute cavalry for infantry in the Bunder Abbas Consular guard, at an approximate additional cost of 6,208 rupees (say, 419*l.*) initial, and 8,212 rupees (say, 550*l.*) annual recurring.

It will be remembered that an infantry guard for the Consul at Bunder Abbas of four non-commissioned officers and twelve men was agreed to in Mr. (now Sir Francis) Campbell's letter of the 22nd September, 1904, and was sanctioned in a telegram to the Viceroy of the 4th October, 1904. For the reasons stated in the Government of India letter now under consideration, the dispatch of these men has been postponed, and the Government of India now propose to substitute cavalry.

The Secretary of State for India in Council proposes, subject to the concurrence of the Secretary of State for Foreign Affairs and of the Lords Commissioners of His Majesty's Treasury, to approve the modified arrangement.

[1717]

P

I am to add that the previous proposal to increase the Consular guard at Kerman, referred to in my letter of the 1st May, 1906, which, like the present proposal, had for its object the greater security of the Kerman-Bunder Abbas trade route, appears to be still before the Lords Commissioners of the Treasury; and I am to suggest that their Lordships may be moved to give the combined proposals their early consideration, in order that the Government of India may be in a position to give effect to the decision of His Majesty's Government during the cold weather.

I am, &c.
(Signed) A. GODLEY.

Inclosure 1 in No. 56.

Government of India to Mr. Morley.

(Secret.)

Sir,

Fort William, December 20, 1906.

WE have the honour to invite attention to the copies of correspondence on the subject of the escort of His Majesty's Consul at Bunder Abbas.

2. As you are aware, the Consul has at present a travelling escort consisting of four horsemen only, who are attached to the Bushire escort; and you were informed in the Secret despatch from Lord Curzon's Government, dated the 26th October, 1905, that the dispatch of an additional body of sixteen infantry, to which Mr. Brodrick's sanction had been accorded in his telegram of the 4th October, 1904, had been postponed, as there was at that time no accommodation available for them. The necessity for an early reinforcement of the Consulate escort has recently been further impressed upon us by the robbery of three sowars, while on their way to relieve the Kerman Consular guard, which took place on the road between Bunder Abbas and Kerman in March last. This incident, full particulars of which are given in Lieutenant Shakespear's letter, dated the 8th April, 1906, furnishes a significant illustration of the audacity which a long period of immunity has fostered in the lawless classes living in the neighbourhood of the Bunder Abbas-Kerman route, and suggests the desirability of substituting for the sixteen infantry which it was intended to place at the Consul's disposal an equal number of sowars from our native cavalry, who could be employed partly on the regular duties of a Consular escort and guard, and partly as a means of protecting caravans on their way from Bunder Abbas to the interior from depredations such as that which was perpetrated in March last. Cavalry would also be more suitable than infantry in the event of the Consul passing the summer in the hills behind Bunder Abbas, when it would be necessary for him to keep up his communications with the port.

3. In putting forward this suggestion for your consideration we have not overlooked the fact that a proposal to increase the escort of His Majesty's Consul at Kerman with a view to the protection of travellers on the Bunder Abbas-Kerman road is already before you (see our Secret despatch, dated the 15th March, 1906), but we consider that the substitution of cavalry for infantry in the Bunder Abbas escort will be a useful complement to that proposal, and we accordingly commend it to your favourable consideration.

4. The proposed substitution will entail an addition of approximately 6,208 rupees initial and 8,242 rupees annual recurring expenditure, excluding a small amount for clothing, as shown in the accompanying statement, and we presume that this will be shared equally between the Imperial and Indian Exchequers, in accordance with existing arrangements for the division of such charges.

5. We should be glad if sanction could be given to our proposal in time to allow of the dispatch of the cavalry guard during the coming winter. Arrangements for their accommodation during the cold weather will present no difficulty, and we hope to be able to provide them with regular quarters before the next summer sets in.

We have, &c.
(Signed) MINTO.
KITCHENER.
DENZIL IBBETSON.
H. ERLE RICHARDS.
J. P. HEWETT.
E. N. BAKER.
H. ADAMSON.

Inclosure 2 in No. 56.

Major Cox to Government of India.

(Confidential.)

Bushire, March 4, 1906.

I HAVE the honour to forward a copy of a Memorandum, drawn up by His Britannic Majesty's Consul, Bunder Abbas, giving details of the procedure followed in connection with M. Ovseenko's arrival as Russian Consul at Bunder Abbas.

2. The attitude of the Director of Customs and the Customs steamer "Mozaffar" is of some interest.

A copy has been forwarded to His Majesty's Legation, Tehran.

Inclosure 3 in No. 56.

Report regarding the Establishment of Russian Consulate at Bunder Abbas, 1906.

15th January.—Orders were received from the Sadr Azam and the Mushir-ed-Dowleh by the Deputy Governor and the Karguzar that preparations for an adequate reception of the new Consul Ovseenko should be made.

19th January.—Several persons belonging to the Kalantar of Shamil were ordered to keep a watch on the roads near Shamil for the Russian's arrival, and to warn the local authorities.

23rd January.—Orders issued by the Deputy Governor for the making of sweetmeats, &c., for the reception. And the Karguzar arranged for the led horses.

24th January.—Three tents were pitched by the Deputy Governor at Naiband, 3 miles from the town. One non-commissioned officer and three men were detailed from the Persian troops for a permanent guard at the Russian Consulate.

26th January.—The dragoman, Mr. Miller, of the Consulate-General at Bushire, and the agent of the Odessa Steamer Company, with three Cossacks, arrived from Bushire.

29th January.—At the suggestion of the dragoman, the site of the "Istikbal" tents was shifted and another tent erected.

8th February.—News received of arrival of the Russian Consul at Rudkhana-i-Duzdi.

12th February.—The Consular Agent, the Sadid-es-Sultaneh, Mir Ahmed Shamili, and several sowars proceeded to Baghu to meet the Consul.

14th February.—The Captain of the Persian artillery and the Lieutenant of the infantry, in uniform, and the Deputy Governor's people, with the Munshi and Ferrash-Bashi with two led horses, and three persons from the Karguzari with two led horses, and the following merchants—Saiyid Suliman, Sheikh Ahmed, and a man from Ghulam Ali Khorassani—formed the "Istikbal" party. Shortly before noon the Consul with his Munshi, the dragoman from Bushire, ten Russian Cossacks, two "Shatirs," the Kalantar of Shamil with twelve sowars, arrived at the tents at Naiband, where the official reception occupied two hours. The carriage, which had lately arrived at Bunder Abbas and was awaiting dispatch to Kerman for the Persian Ferma, was brought up and conveyed the Consul in procession to his house in the town. A present of 10 tomans was given to the driver. The Customs Director was also in the procession. The Deputy-Governor and Karguzar presented themselves for their official visits as soon as the Consul reached his own house. There was a guard of honour of Persian infantry at the gate of the house. The Consulate flagstaff was also dressed, and Cossacks lined the path from the gate to the reception room. In the afternoon the officers of "Mozaffar," which was in harbour, landed in full uniform with a large party of their men and called on the Consul.

15th February.—A large number of the merchants came to wish the Consul a welcome. In the afternoon the Consul returned the calls of the local authorities.

16th February.—Consul gave orders for a wall to be built inclosing the stables, &c., all within the precincts of the Consulate.

17th February.—The Consul ordered that the expenses of the establishment, such as the Agent's, the Munshi's, &c., would be disbursed by themselves, and that they would receive a monthly salary from the Consulate.

Note.—For further information regarding the Russian Consul, M. Gabrielle Ovseenko, please see Bunder Abbas weekly Diaries.

It is worthy of remark that the reception accorded to the Russian Consul differed very much from that given to His Majesty's Consul on his arrival in November 1904. It remains to be seen how future Consuls of both Powers will be received.

The Russian Consul's escort now consists of thirteen Russian Cossacks and a permanent guard of four Persian infantry.

(Signed) W. H. I. SHAKESPEAR, *Lieutenant,
Assistant Resident and His Britannic
Majesty's Consul, Bunder Abbas.*

Bunder Abbas, February 20, 1906.

Inclosure 4 in No. 56.

Foreign Secretary, Calcutta, to Lieutenant Shakespear.

(Telegraphic.)

March 27, 1906.

PLEASE refer to your report of 20th February to Major Cox. Please telegraph whether thirteen Russian Cossacks are temporary and, if so, next destination and probable date of departure. Pending completion of Consulate buildings, if your escort were now increased by addition of sixteen infantry, could you arrange for their accommodation? Please reply through Major Cox.

(Repeated to the Political Resident in the Persian Gulf.)

Inclosure 5 in No. 56.

Major Cox to Government of India.

(Telegraphic.)

April 10, 1906.

YOUR telegram dated 27th March.

It is reported by Consul for Bunder Abbas and Assistant to the Political Resident, Persian Gulf, that escort of Russian Government will permanently consist of ten horsemen, and it does not appear probable that any departures or reductions in them will take place. If [sic] addition should be made to his escort, the men will have to be accommodated in tents which should be brought out by them. No prospect of Consulate quarters being ready at least for one year. I would suggest that some fairly large tents should be brought out to be of use during cold season or rainy weather, and that chappar* huts should be put up over them for the hot season.

(Sent to the address of Foreign Department, Simla; repeated to Foreign with Viceroy, Viceroy's Camp.)

Inclosure 6 in No. 56.

Captain Trevor to Government of India.

Bushire, May 5, 1906.

WITH reference to your letter dated the 18th April, 1906, regarding the robbery of the sowars of the Kerman Consulate at Bunder Abbas, I have the honour to forward herewith, for the information of the Government of India, copy of a letter from His Majesty's Consul, Bunder Abbas, reporting the circumstances of the robbery.

2. I am of opinion that the sowars lost their kit through no fault of their own, and that the articles should be replaced at the expense of the State.

3. It is to be regretted that the sowars should have been dispatched from India without even the usual pouch ammunition, and this oversight caused them to be placed in a very ignominious position. It is unfortunate that the Deputy Governor of Bunder Abbas is so apathetic and incompetent, and that he has been given to drink and drugs that no useful action can be expected from him.

A report of the occurrence is being sent to His Majesty's Legation, with a view to action being taken to bring the local authorities to book, as suggested in paragraph 9 of Lieutenant Shakespear's letter.

* Mat coverings.

Inclosure 7 in No. 56.

Lieutenant Shakespear to Major Cox.

Bunder Abbas, April 8, 1906.

IN continuation of this Office letter, dated the 28th March, 1906, I have the honour to submit a full report of the recent robbery of certain of the Kerman Consular escort in this district.

2. My letter dated the 10th March, 1906, to the address of His Britannic Majesty's Consul at Kerman, which formed an inclosure to my letter to you above quoted, gave the circumstances under which the escort relief arrived and left this port. It may be useful to append copies of the telegrams which passed between myself and the Officer Commanding the 39th Central India Horse, and I have therefore the honour to attach them herewith.

3. Arrangements were accordingly made, and the party started on the 18th March, 1906, with all their kit; and my letter dated the 10th March, giving over to the documents therein enumerated, to His Britannic Majesty's Consul, Kerman. There were several Iranis with the party which consisted of one duffadar, two sowars, one "langri," and fifteen Iranis with two donkey-men, three horses, and twenty-six donkeys. The party camped on the night of the 18th-19th March, about 2 miles beyond Baghu, and had proceeded about 1½ miles when they were attacked by about fifteen robbers, of whom three had rifles. According to the escort's account, the robbers fired some five or six shots and separated the escort from the baggage, animals, and rest of the party, devoting their attention entirely to the escort. The duffadar sent in a sowar to Bunder Abbas to report matters at once, and himself with the other sowar tried to keep track of the robbers, but was unable to do so, and returned to this Consulate at sundown. On the arrival of the first sowar at about 1 p.m. on the 19th March, I immediately dispatched the Consulate Mirza to the Deputy Governor, who managed to get a camel-sowar sent off at sunset with orders to the Kalantar of Shamil. One of the donkey-men had himself gone direct to the Kalantar, who lives within some 20 miles of the place where the attack took place, so the local authorities were apprised as early as was possible. In the evening the rest of the party arrived at Bunder Abbas, and not one of them had any of his belongings except the clothes in which he stood. The escort escaped with their horses, their arms, and the uniform they were wearing at the time.

4. Having heard nothing from the Deputy Governor, I wrote a reminder to him on the 24th March, to which he replied that it was hoped the robbers would be apprehended. I again reminded him on the 3rd April, in answer to which I received the letter of which I have the honour to attach a translation.

5. Nothing can be hoped for from the local authorities, who, as usual, have assumed a *non possumus* attitude, not to mention that the tone of the Deputy Governor's letter might almost be described as impertinent.

6. I have the honour to attach a detailed list of the property lost,* the claims being briefly:—

	Rs.	a.	p.
Duffadar Tehal Singh's claim	281	8	0
Sowar Indar Singh's	285	8	0
" Dayal Singh's	365	4	0
Langri Hua Singh's	27	0	0
Government property estimated	223	5	4
	1,182	9	4
Add hire advanced to donkey-men for transport, 250 krans =	66	10	8
Total claim	1,249	4	0

7. I have also received a petition from eleven Persians, who begged the good offices of this Consulate on the ground of having lived and traded in British India for from three to eleven years. I do not know whether it will be considered desirable to take up their claims as well, but in case it is so decided I have the honour to attach a list of their claims in detail.*

8. Comment on the case is superfluous, but it may be illuminating to quote what is a matter of common talk in the bazaar, and, I have reason to believe, is substantially true—viz., that the robbers formed part of the adherents of Kal Siraj, who was some time ago Kalantar of Finn, and on his removal from his post took to brigandage as a

* Not sent to Government.

means of livelihood. In this connection I would refer to this Office diary entries for the 4th and the 5th May and the 6th August, 1905, respectively. Further, I was informed within ten days of the occurrence that the boxes of Government medicines and appliances and some uniform were found near the foot of Ginao hill, some 15 miles from Bunder Abbas, though I have no information what became of them; that all the donkeys were now in Finn; that some days before the party left Bunder Abbas some of the robbers, who actually took part in the attack, were seen in the Bunder Abbas bazaar; Kal Siraj is the maternal uncle of the Kalantar of Shamil Assadullah Khan, who went in pursuit, and who has since been dismissed in favour of Mir Ahmed Shah, a protégé, it is said, of the Russian Consulate.

9. When it is remembered that the robbery took place within 18 miles of Bunder Abbas, on the most frequented route in Southern Persia, and what is the attitude of the local authorities here, I think it will be conceded that this case calls the most severe and summary punishment, in which the local authorities should certainly be made to participate. The least that we can demand, in my opinion, is immediate payment of the claims attached to this letter, a heavy fine as compensation for the loss of time and difficulties to which the escort have been put in consequence, and removal of the present Deputy Governor (or at least a very severe censure conveyed through this Consulate) for his exceedingly dilatory and casual attitude.

10. I may mention that soon after the recent arrival of the Russian Consul at this port, a donkey, which formed part of the transport with Prince Anatouni of the Russian Commercial Mission, was stolen near Shamil. The Russian Consul demanded the heavy penalty of 50 tomans as immediate compensation to the donkey-man, a Persian; the amount was paid over by the Deputy Governor on the following day. The difference in the attitude of the local authorities in the two cases is significant.

Inclosure 8 in No. 56.

Lieutenant Shakespear to Officer Commanding Central India Horse, Agar.

(Telegraphic.)

February 19, 1906.

DAFADAR, two sowars, and langri for Kerman arrived, but without documents or any ammunition, latter which absolutely necessary for road. They report two men still to come. Shall I detain until arrival of those two, who, I suggest, should bring ammunition with them? Please wire me X. P. Henjam what you desire done.

Inclosure 9 in No. 56.

Officer Commanding Central Indian Horse, Agar, to Lieutenant Shakespear.

(Telegraphic.)

February 23, 1906.

YOUR No. 114.

509 Ammunition and documents are being dispatched. Please retain party pending their arrival if not urgently required Kerman. No more men are following.

Inclosure 10 in No. 56.

Officer Commanding Central Indian Horse, Agar, to Lieutenant Shakespear.

(Telegraphic.)

March 9, 1906.

MY No. 127 answered.

Mhow wires presumably Consul, Kerman, got four boxes ammunition; lot men go.

Inclosure 11 in No. 56.

Deputy Governor, Bunder Abbas, to Lieutenant Shakespear.

(Translation.)

(After compliments.)

8th Safar, 1324 (April 3, 1906).

I BEG to acknowledge your letter regarding the robbery of the property of the Government's sowars in the Shamilat, in which you informed me that the sooner the matter might be settled the better.

I have done all that lay in my power, but in reality I am in a position to say that according to the laws I can give you a plain answer, because when the sowars started you should have asked me for tufangchis to see them safely beyond the boundaries of Bunder Abbas. I regret that you did not make this request from me.

But I have done what I can in sending after the robbers, and it appears that they were Kal Siraj's men, of Finn, in the Fars Province, and the Kalantar of Shamil, who has been dismissed, has also gone to Finn, and has given up the work of chasing the robbers, having colluded with them.

But I have sent two or three tufangchis after them.

As the matter affects the Fars Province, the Fars Government should be addressed.

Inclosure 12 in No. 56.

Captain Trevor to Government of India.

Bushire, May 20, 1905.

IN continuation of my letter dated the 5th instant, regarding the robbery of the sowars of the Kerman Consulate escort near Bunder Abbas, I have the honour to forward, for the information of the Government of India, copy of the letter which I have received from the Assistant Resident and His Majesty's Consul, Bunder Abbas, reporting that about one-fourth of the stolen property, amounting to 333 rupees worth, has been recovered by the local authorities.

I have informed His Majesty's Legation of this recovery.

Inclosure 13 in No. 56.

Lieutenant Shakespear to Major Cox.

May 7, 1906.

IN continuation of the correspondence regarding the robbery of three sowars of the Kerman Consulate escort near Baghu, ending with my telegram No. 256 dated the 9th April, 1906, I have the honour to report that a certain amount of the stolen property has been recovered.

2. After considerable correspondence with the local authorities, the only apparent aim and result of which was to delay matters, the Deputy Governor sent to this Consulate a quantity of clothing, &c., which I checked with the former list (sent with my letter of the 8th April) to the best of my ability and the result is shown in the list attached herewith.

3. I have hopes of recovering the actual cash stolen, but not of any more property, and I attach a copy of my letter dated the 3rd May, 1906, to the Deputy Governor in connection therewith.

4. It will be seen that about a quarter of the stolen property has been returned. I do not propose claiming for the value of the remainder until I am informed by His Majesty's Consul at Kerman that he concurs in the accuracy of the list made up in this office, and of the balance shown as still due. On receiving his acceptance of the figures shown (or others put forward by him), I intend to press locally the claim for a sum to cover the value of the articles still missing. I was informed by the Deputy Governor, in a conversation I had with him on the 5th May, 1906, that the amount of the claim would certainly be recovered from the late Kalantar of Shamil, Assadullah Khan, in whose jurisdiction the robbery took place, but this is merely an assertion, of which the good faith has yet to be justified.

5. I would request instructions as to whether I should also take up the case of the Persian subjects, who also were of the party robbed, and a list of whose claims has already been forwarded to you.

6. A copy of this correspondence is being forwarded to His Majesty's Consul at Kerman.

Inclosure 14 in No. 56.

Lieutenant Shakespear to Deputy Governor, Bunder Abbas.

(After compliments.)

May 3, 1906.

IN continuation of my letter dated the 29th April, 1906, I have the honour to inform you that Assadullah Khan and Haji Nazim-ut-Tujar brought to this Consulate a certain amount of the property of the Kerman sowars but two hours after the time I suggested in my letter, I checked over the articles myself, and have the honour to forward herewith a statement of the articles still due, and a receipt for those which have been returned. The left-hand column contains those still due, and the right-hand those for which I have signed a receipt at the foot.

2. It would appear to me that the money which was taken in actual cash should also be returned now: the amounts are 15 rupees in rupees and 375 krans.

3. As there does not seem to be much prospect of the remainder being recovered, I shall send what I have received to Kerman, and inquire the exact value of what is still missing, on learning which I will forward the account to you for recovery.

Inclosure 15 in No. 56.

ESTIMATE of Additional Expenditure involved in sending sixteen cavalry instead of sixteen infantry sanctioned as an increase to the Consular escort at Bunder Abbas.

	Rupees.
Initial expenditure—	
Cost of sixteen horses, together with the necessary line gear and saddlery	6,208
Recurring expenditure—	
Increase of pay to cavalry sowars	3,384
Entertainment of four syces, at 10 rupees per mensem	480
Feed and keep of horses, at 225 rupees per horse per annum	3,600
Renewal of saddlery, &c., at 33 rupees per set	528
Replacement of casualties among horses, at (say) one horse per annum	250
Total	8,242
Initial expenditure	6,208
Annual recurring expenditure	8,242

Remarks.—The cost of rations will be the same for sowars or sepoy. The same remark applies to the cost of clothing and accommodation. The cost of stabling for horses has not been estimated.

Inclosure 16 in No. 56.

Rules regarding the Employment of Native Cavalry detachments as Consular Guards in Persia, dated January 16, 1906.

I.—Instructions for the dispatch of Detachments.

- Parties of the strength required will be sent periodically to the various Consulates enumerated.
- All ranks selected must be medically examined and passed as physically fit for service in Persia. They must be soldiers of good character and fine physique.
- The men will take with them from India their own uniforms (serge and khaki), equipment, clothing, and necessaries, as well as their lances, swords, and rifles.
- One man of each party should have some veterinary training and a knowledge of farriery.
- The following documents will be sent with the men, viz.:—
 - Sheet Rolls.
 - Medical History Sheets.
 - Last Pay Certificates.
 - Statement of arms and ammunition in possession.

II.—Conditions of Service.

6. Service in Persia is considered as "foreign service" for family pension purposes, under the rules on the subject contained in Army Regulations, India, Volume I, Part II.

7. All ranks must agree to serve in Persia for three years without leave or furlough, except on medical certificate. At the expiration of that period, they will be relieved and will return to India.

8. They will be seconded in their regiments, and while absent will be eligible for promotion in the same.

9. While seconded, they will be exempt from paying any subscriptions to regimental funds.

10. The families of individuals detailed for this duty will be granted free passages from their stations to their homes and back.

11. They will be permitted while in Persia to remit their savings* to their homes by free money orders, which must be countersigned by one of the officers under whom they are serving.

12. On completion of their tour of service in Persia, they will be entitled to four months' special furlough, with free passages by rail to and from their homes.

13. The consolidated pay of the native ranks, inclusive of good-conduct pay and all allowances, is as follows:—

Native Officers.	Pay of Rank.	
Duffadars	42 rupees per mensem	} With free quarters.
Lance-Duffadars	37 " " "	
Sowars	31 " " "	

14. They will be granted a money allowance, in lieu of free rations, equal to the cost of the sepoy's ration, as laid down in Article 187, Army Regulations, India, Vol. I, Part II, at local rates, plus 8 oz. of meat per man per week, plus 3 lb. of firewood per man per diem.

15. They will be mounted on horses purchased and fed at Government expense, and Persian grooms, in the proportion of one for every four sowars (including native officers and non-commissioned officers), will be allowed to each party to assist in stable duties. Where the party consists of six sowars two grooms will be allowed.

16. While employed on this duty, the pay of the detachments will be disbursed and adjusted by the Consular authorities.

17. The following articles of clothing and stable gear will be issued to each man at Government expense:—

1. Clothing—	
Poshteens of warm coats	} One in three years.
Balaclava caps	
Waterproof sheets	
Blankets	} Two in three years.
Warm underclothing, viz.—	
One jersey	} Once a year.
One pair warm pyjamas	
Socks	} Two pairs a year.
Mittens	
Boots	} One pair a year.
Shoes	
Chaguls	Renewals as required.
2. Stable gear—	
Horse rugs (numdahs covered with sacking)	} One in three years.
Thin "jhooks" for summer	
Watering bridles	
Head and heel chains	} Once a year.
Curry combs	
Headstalls	
Rollers	} Two a year.
Brushes	
Cloths for cleaning saddlery, &c. (rumals)	

* The amount remitted in any one month must not exceed the total pay and allowances of the remitter in that month.

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18. Any of the articles in scale (1) above, lost, destroyed, or worn out before the prescribed period of wear, will be replaced at the expense of the men, but should the loss or destruction be due to no contributory negligence on their part, the articles will be replaced at the expense of the State. If the men are required to proceed on long journeys, thereby entailing considerable wear and tear on clothing, an allowance of half a kran per diem may be sanctioned for each man, on the recommendation of the official to whom they are attached.

19. Any of the articles in scale (2) above, lost, destroyed, or worn out before their required time of duration, will be replaced at the expense of the State, but should their loss or destruction be due to any contributory negligence on the part of the individual they will be replaced at his expense.

20. The free issue of clothing, referred to in paragraph 17 above, will be made to individuals before their departure from India. The renewals authorized under paragraph 17, and such articles that may be needed under paragraph 18, will be provided by the Consular authorities as required, by indent on Departments concerned in India.

III.—Strength, Composition, &c., of present Detachments.

Consulates	Strength of Detachments.	Number of Followers.	Whether Families accompany or not.	Class Composition of Detachments.	Regiment from which drawn.	Date of dispatch of Detachment.	Relief when due.	Amount of Ammunition in Store.
Kermanshah ..	1 duffadar 7 sowars	Nil ..	Nil ..	Punjabi Mussulmans..	13th Lancers..	September 18, 1904, from Bombay	September 1907 ..	2 boxes .. -303
Ahwaz..	1 duffadar 11 sowars	Nil ..	Nil ..	Ditto ..	18th Lancers..	Ditto ..	Ditto ..	2 boxes .. -303
Tabreez ..	1 duffadar 5 sowars	Nil ..	Nil ..	Ditto ..	9th Hodson's Horse	October 2, 1904, from Karachi	October 1907 ..	2 boxes .. -303
Tehran..	1 duffadar 7 sowars	Nil ..	Nil ..	Ditto ..	17th Cavalry..	Ditto ..	Ditto ..	2 boxes .. -303
Shiraz ..	1 duffadar 5 sowars	Nil ..	Nil ..	Ditto ..	34th Poona Horse	November 9, 1904, from Bombay	November 1907 ..	2 boxes .. -303
Isfahan ..	1 duffadar 7 sowars	Nil ..	Nil ..	Ditto ..	Ditto ..	Ditto ..	Ditto ..	2 boxes .. -303
Kerman ..	1 duffadar (or lance- duffadar) 5 sowars	Nil ..	Nil ..	Sikhs ..	39th Central India Horse	September 27, 1904, from Bombay	October 1907 ..	4 boxes .. -303
Turbat-i-Haidari..	1 native officer 1 kote-duffadar 2 duffadars 2 lance-duffadars 20 sowars	1 langri* 1 bhisti* 1 sweeper*	Nil ..	Punjabi Mussulmans..	35th Scinde Horse	October 30, 1904, from Quetta	Ditto ..	4 boxes .. -303
Mesheri ..	1 native officer 1 duffadar 5 naicks 20 sowars	Nil ..	Nil ..	Sunni Mussulmans of the Derajat or Punjab	36th Jacob's Horse	March 28, 1904, from Quetta	March 1907 ..	7 boxes—303 ammu- nition and 50 rounds revolver
Seistan..	1 native officer 1 duffadar 18 sowars	Nil ..	Families allowed to accom- pany, and free carriage provided for them	Ditto ..	37th Lancers..	November 9, 1904, from Quetta	November 1906 ..	4 boxes .. -303
Hunder Abbas ..	1 non-commissioned officer 3 sowars	Nil ..	Nil ..	Mussulmans ..	38th Light Cavalry	October 24, 1905 ..	October 1908 ..	1 box .. -303

* These followers will not be replaced when withdrawn on next relief.

[3544]

No. 57.

India Office to Foreign Office.—(Received January 31.)

Sir,

India Office, January 30, 1907.

WITH reference to Sir Francis Campbell's letter of the 24th May, 1906, relative to the appointment of a second signaller to the Telegraph Office at Meshed, I am directed by Mr. Secretary Morley to inclose a copy of a telegram from the Government of India and of a note by the Director-in-chief of the Indo-European Telegraph Department, and to say that, subject to Sir E. Grey's concurrence, Mr. Morley proposes to sanction the arrangement indicated in the Viceroy's telegram.

I am, &c.
(Signed) A. GODLEY.

Inclosure 1 in No. 57.

Government of India to Mr. Morley.

(Telegraphic.) P.

January 16, 1907.

PLEASE refer to your telegram dated the 25th May last: Signaller for Meshed. Clerk now at Meshed has to attend to both Seistan and Tehran lines, and Director of Telegraphs at Tehran requests that signaller should be sent from India to Meshed for work exclusively on Seistan line. Request is supported by His Majesty's Minister at Tehran. We propose to send junior man from Birjand, on existing pay and allowances, and to replace him by man from India on aggregate emoluments of 240 rupees per mensem, as suggested in my telegram of the 15th May last, if you have no objection.

Repeated to Tehran, Meshed, and Seistan.

Inclosure 2 in No. 57.

Note by the Director-in-chief, Indo-European Telegraph Department.

IN my note dated the 17th May last I pointed out that my Department could send a second signaller to Meshed. The telegram below is the first intimation I have had that the man had not been sent, as the Director of Telegraphs at Tehran had orders to send the man in May last. I telegraphed to him for an explanation of the delay; his reply has just come, and is not very clear. I gather from it that the Director reported to the British Minister at Tehran that he was sending a second signaller to Meshed. The British Minister advised him to make a personal application to the Persian authorities for leave to do so, and to this application those authorities evaded giving any reply. The British Minister then wrote on the subject to the Persian authorities, but has received no reply from them. It was, therefore, recently decided to wait no longer in taking action. It was considered that to send a signaller from Tehran would attract attention, and that it was better to send a man from the Indian Department, who could reach Meshed without notice.

This explains the present application from the Government of India, which now appears to be the best arrangement to sanction.

January 19, 1907.

(Signed) H. A. KIRK.

[3570]

No. 58.

Sir C. Spring-Rice to Sir Edward Grey.—(Received January 31.)

(No. 12.)

(Telegraphic.) P.

Tehran, January 31, 1907.

PROTECTION of Consulates: Your telegram of the 30th instant. The views of the Government of India as to the dispatch of troops in small bodies have my entire support.

At present Persia is comparatively quiet, and no exceptional measures of protection are immediately necessary. But a conflict between the people and the Government

may possibly lead to serious disorders, and foreign intervention may eventually be inevitable.

I presume that a scheme has been prepared by the military authorities for the dispatch, in case of necessity, of a mobile column. At present, however, disorders are less likely to occur in South Persia than in the North, and, except perhaps in Azerbaijan, I consider the danger remote.

[2202]

No. 59.

Foreign Office to India Office.

Sir,

Foreign Office, January 31, 1907.

WITH reference to Mr. Grant Duff's despatch No. 247 of the 26th September, 1906, forwarded to your Department in print (Persia, Confidential, 29th October, section 24) relative to the claim put forward by the Persian Government to the sovereignty of Bahrein by virtue of the Anglo-Persian Agreement of 1822, I am directed by Secretary Sir Edward Grey to transmit to you herewith copy of a despatch from His Majesty's Minister at Tehran,* forwarding copy of a note which he has addressed to the Persian Grand Vizier, reminding his Highness that the Treaty in question was expressly disavowed by His Majesty's Government.

I am to state that, subject to the concurrence of Mr. Secretary Morley, Sir E. Grey proposes to approve the terms of this communication.

I am, &c.
(Signed) F. A. CAMPBELL.

[3622]

No. 60.

Persian Transport Company to Foreign Office.—(Received February 1.)

3, Salter's Hall Court, Cannon Street,
London, January 30, 1907.

Sir,

I HAVE the honour to inform you that permission to levy tolls on the Kum-Sultanabad road has now been granted to us by the Persian Government. Our agents inform us, however, that tolls have not yet actually been levied. We are instructing our agents to use every means in their power to insure the smooth levying of the tolls, and to co-operate with the Legation in every possible way.

My Board desire me to tender their warm thanks to His Majesty's Government for their assistance in this matter, and beg that an expression of their thanks may be conveyed to Sir Cecil Spring-Rice for his efforts, which have proved so successful.

I have, &c.
(Signed) H. W. MACLEAN,
Secretary.

[3615]

No. 61.

Persian Transport Company to Foreign Office.—(Received February 1.)

3, Salter's Hall Court, Cannon Street, London,
January 30, 1907.

Sir,

I HAVE the honour to acknowledge the receipt of your communication of the 24th instant on the subject of the Bakhtiari road, as also of the inclosures contained therein.

I am directed by my Board to convey to you their thanks for this communication, and to beg you to transmit same to Sir Cecil Spring-Rice for the action which he has taken in this matter. My Directors have read with great interest the clear and comprehensive report by Vice-Consul Captain Lorimer on the state of the Bakhtiari track, bridges, and caravanserais.

My Directors also note that Sir Cecil Spring-Rice will communicate to the Foreign Office any further information which he may receive as to the visit contemplated by two of the Khans to Europe. I should be greatly obliged if you would inform us, when the time comes, as to the approximate date of arrival of the two Khans in Paris, when the Company will endeavour to send one of their Directors to confer with them. I inclose

• No. 33.

[1717]

S

a confidential note on this subject for your kind transmission to His Majesty's Minister at Tehran.

As regards our proposal that Mr. Parry should accompany Captain Lorimer on his visit to the road this spring, my Directors take note of the view expressed by Sir Cecil Spring-Rice. It would seem better that the proposal should for the present remain in abeyance, but my Directors would point out that Captain Lorimer is necessarily unable by himself to arrive at any estimate of the deterioration which has taken place in the track since it was originally constructed.

It is quite clear from Captain Lorimer's Report that the bridges will have to be inspected and overhauled this spring, and the instructions already given to this effect by my Directors will be carried out. As regards painting, there seems still to be some misunderstanding in this matter. Our view is that the expense of a coat of paint is small when compared with the cost of opening up and examining the metal work of the bridges. In order properly to inspect the metal work, it is necessary to open it up; and when this has been done, a coat of paint constitutes a comparatively small item, while its preservative effect is no doubt considerable. We should certainly instruct our engineer not to paint any of the portions of the bridge which would obviously not need it for two or three years to come, and would not be benefited by it.

I have, &c.
(Signed) H. N. MACLEAN, *Secretary*.

Inclosure in No. 61.

Note on the Subject of the proposed Visit of Haji Ali Kuli Khan Bakhtiari and Haji Khosru Khan (Salah Arfa) Bakhtiari to Europe.

(Confidential.)

SOME years ago one of the Chiefs who is now about to visit Europe, viz., Haji Ali Kuli Khan, was in Paris and afterwards in London, and was visited by Mr. Lynch, who had already established a most friendly personal relation with him in Persia. We had previously been informed that one of the objects of this Chief's visit to Europe was to confer with us in the matter of outstanding differences relating to the road, and that he had been invested with extensive powers by the Ilkhani of that day to arrive at a settlement. The tenor of the conversations which took place at that time has already been communicated to the Foreign Office. Not only did the Chief express himself as without any powers whatever to come to an arrangement, but he made fresh personal demands which could not be satisfied. It was also evident that physically and morally he was not at all the same man as at the time when Mr. Lynch had known him in Persia. This result had probably been produced by residence in Tehran; and the conduct of his life in Europe did not tend to improve matters. The result of this intercourse was most unsatisfactory, and it would be a pity if a similar experience were to befall on the present occasion. We will endeavour to arrange this time that Colonel Picot shall visit the Chiefs, but Mr. Lynch will pay the Chiefs every attention should they come to London, and will do his very best to establish better relations. It is, however, important that Haji Ali Kuli Khan should not make similar profession of impotence on the occasion of the proposed visit. He and his companion are, we believe, at present not in authority over the Bakhtiari tribes, power being now vested in the hands of members of the family opposed to theirs. It would be most desirable if the Legation could obtain the consent of the ruling family, either—

1. To investing Haji Ali Kuli Khan and Khosru Khan with full powers to act on their behalf, and to come to a definite settlement on all questions affecting the road; or
2. To invest them with as full powers as possible, and to establish rapid means of communication with the ruling family, so that there may be as little delay as possible in the conduct of any negotiations.

Unless this be done, it seems to us that more harm than good may ensue from negotiations with these two Chiefs, though of course we should endeavour to show them every attention in the event of their coming to London, especially as Mr. Lynch received hospitality from one of them, Khosru Khan, in this Chief's home among the Bakhtiari mountains.

3, Salter's Hall Court, Cannon Street, London,
January 30, 1907.

[3749]

No. 62.

Sir C. Spring-Rice to Sir Edward Grey.—(Received February 2.)

(No. 13.)

(Telegraphic.) P.

Tehran, February 2, 1907.

PERSIAN finance.

I am told that Gutmann, of the Dresdner Bank, will shortly arrive in Tehran as German Financial Agent, and that a British subject from Smyrna named Wilkinson, now of the German Orient Bank of Alexandria and lately in the service of the Imperial Bank of Persia, has, in the event of a branch being established in Persia, been promised the post of Vice-Manager.

An unconfirmed rumour has also reached me from a source nearly connected with the Grand Vizier to the effect that a consolidation loan of 5,000,000*l.* is contemplated, and that if it is not an Anglo-Russian Government loan no objection will be raised by the National Assembly.

Consolidation cannot be effected now without the consent of Russia, as her loans are not redeemable till 1910 and 1912. (For terms of our loan see inclosure in Sir A. Hardinge's despatch No. 165 of the 3rd September, 1904.)

M. Naus professes entire ignorance of the matter.

[4038]

No. 63.

Sir A. Nicolson to Sir Edward Grey.—(Received February 4.)

(No. 15.)

(Telegraphic.) P.

St. Petersburg, February 4, 1907.

I CALLED on M. Isvolsky to-day at his request, and was informed by him that he had received disquieting news from Persia, as he learnt that there was an agitation commencing there encouraged by Persians returning from abroad with revolutionary ideas, and also that the local assemblies at Ispahan, Tabreez, and Resht were acting independently of the Parliament at Tehran. This agitation, according to the information he had received, showed signs of assuming an anti-European character, while the Shah was preoccupied and without money or troops.

I informed him that no news whatever on the subject had reached me.

His Excellency stated that, in order to check his information, it would be well for me to obtain news, and it was desirable in his opinion that His Majesty's Government and the Russian Government should exchange views as to the best course to adopt, and to come, if possible, to a common understanding on the matter.

The state of affairs in the Caucasus, which might be further affected by anarchy in Persia, as well as general interests in Persia, made the Russian Government earnestly desirous of seeing tranquillity reign in that country.

The Russian Chargé d'Affaires has, I believe, been instructed to discuss the question with you.

[3615]

No. 64.

Sir Edward Grey to Sir C. Spring-Rice.

(No. 12.)

(Telegraphic.) P.

Foreign Office, February 4, 1907.

BAKHTIARI road.

With reference to your despatch No. 10 and your telegram No. 10 of the 21st ultimo, you should report whether it would be possible for His Majesty's Vice-Consul at Ahwaz, before the Khans leave, to communicate with the ruling Chiefs and obtain their consent to the proposed arrangements. Can you also ascertain the approximate date of the arrival of the Chiefs in Paris?

A representative of the Persian Transport Company will be sent to Paris to confer with the Chiefs, who should be invested with full powers to settle all questions affecting the road, and who should establish some means of communicating quickly with the ruling Chiefs during the Conference.

[3570]

No. 65.

Foreign Office to India Office.

Sir, *Foreign Office, February 4, 1907.*
 WITH reference to your letter of the 23rd ultimo, I am directed by Secretary Sir E. Grey to state that he concurs in the proposal of the Secretary of State for India to approve the course suggested by the Indian Government regarding the measures to be taken for the protection of His Majesty's Legation at Tehran and British Consulates in Persia in the event of internal disturbances in that country.

I am to inclose, for Mr. Morley's information, copy of a telegram received from His Majesty's Minister at Tehran on this subject.*

I am, &c.
 (Signed) F. A. CAMPBELL.

[4108]

No. 66.

Sir C. Spring-Rice to Sir Edward Grey.—(Received February 5.)

(No. 14.)

(Telegraphic.) P.

Tehran, February 5, 1907.

GOVERNORSHIP of Seistan.

Sadr Azam recently stated that the Muntahen-es-Saltaneh, who is on good terms with us, had been formally appointed, but this appointment has been cancelled in favour of the Hashmat-ul-Mulk's eldest son, who is heavily indebted to the Russian Bank, speaks Russian, and was a friend of M. Miller.

The Russian Minister assures me that he himself has not interfered in any way in the matter, but the Russian Consul in Seistan prevented the Muntahen's adherents from telegraphing to Tehran, and in December last M. Naus wrote to the Persian Government telling them that the Muntahen was a British Agent and warning them against him.

I presume that any steps on my part would be regarded as an infraction of the *modus vivendi* with Russia, and I have accordingly taken none. They would, moreover, be useless, as both the Grand Vizier and the Shah are entirely in Russian hands, acting on hints conveyed through private channels and keeping the Russian Legation informed at the same time of all communications which we make to them.

[4110]

No. 67.

Sir C. Spring-Rice to Sir Edward Grey.—(Received February 5.)

(No. 15.)

(Telegraphic.) P.

Tehran, February 5, 1907.

TELEGRAPH line between Meshed and Seistan.

I have been informed by the ex-Minister of Telegraphs that Grand Vizier had shown him an order, dated about October, and signed by Shah, by which both ends of line were surrendered to Russia. He had in consequence withdrawn his opposition to seizure by Russia of Seistan end of line. The order mentioned above is more recent than the one which the Legation saw, and which bore a date about June, and referred only to Meshed end.

The more recent order must have been obtained from Shah during his illness by Grand Vizier in deference to pressure from Russian Government.

The importance of this is that it shows present Grand Vizier's attitude, which still continues, as I believe.

* No. 58.

[2207]

No. 68.

Note communicated to Mirza Mehdi Khan.

ON the 22nd October, 1906, the Persian Chargé d'Affaires made a complaint regarding the action of His Majesty's Consul at Shiraz in affording protection and refuge to certain persons who had taken "bast" in His Majesty's Consulate-General. A report has now been received from Mr. Grahame on the incidents in question.

As the Persian Government are well aware, it would have been contrary to Persian customs and traditions for His Majesty's Consul-General to have refused to grant asylum to such refugees, or to have attempted to expel them from the Consulate, and Mr. Grahame expressly disclaims having had any intention of shielding them from any punishment at the hands of the local authorities to which they were justly liable.

Instructions have been issued to His Majesty's Diplomatic and Consular Officers in Persia to give no encouragement to the custom of "bast," which has recently caused them much embarrassment and inconvenience.

Foreign Office, February 5, 1907.

[4038]

No. 69.

Sir Edward Grey to Sir C. Spring-Rice.

(No. 13.)

(Telegraphic.) P.

Foreign Office, February 5, 1907.

SITUATION in Persia.

I shall be glad to receive your observations on Sir A. Nicolson's telegram No. 15 of yesterday's date.

[2207]

No. 70.

Sir Edward Grey to Sir C. Spring-Rice.

(No. 22.)

Sir,

Foreign Office, February 5, 1907.

I HAVE received your despatch No. 8 of the 3rd ultimo relative to the complaint made by the Persian Government as to the action of His Majesty's Consul at Shiraz in granting an asylum and protection to certain persons who had taken refuge in His Majesty's Consulate-General.

I transmit to you herewith copy of a Memorandum which I have handed to the Persian Chargé d'Affaires,* in reply to his communication of the 19th October on this subject.

As regards the request for instructions contained in the final paragraph of Mr. Grahame's despatch No. 95 of the 6th December it would not be possible for His Majesty's Government to lay down hard and fast rules for the guidance of His Majesty's Diplomatic and Consular Officers in Persia in respect to such an irregular custom as that of "bast," beyond that they should do all they can, short of wounding Persian feeling, to discourage the practice.

I approve the instructions given by you to Mr. Grahame in your despatch No. 55 of the 24th December, 1906. His Majesty's Diplomatic and Consular Officers in Persia must, in each instance, exercise their own discretion, and they should certainly discriminate between such cases as are cited in Mr. Grahame's despatch of the 6th December, in which His Majesty's Consulate-General or British subjects are interested, and those of purely Persian concern. As regards the latter, it is desirable that there should be as little interference on their part as possible, and that it should be strictly limited to unofficial action.

I am, &c.
 (Signed) E. GREY.

* No. 68.

[1717]

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[3615]

No. 71.

Foreign Office to Persian Transport Company.

Sir,

Foreign Office, February 5, 1907.

I AM directed by Secretary Sir Edward Grey to acknowledge the receipt of your letter of the 30th ultimo, with an appended confidential note relative to the condition of the Ahwaz-Isfahan road and the intended visit of two of the Bakhtiari Khans to Paris.

I am to inform you that Sir E. Grey has addressed a telegram to His Majesty's Minister at Tehran acquainting him with the intention of your Company to send one of their Directors to Paris to confer with the two Khans, and with their opinion that, if the negotiations are to be productive of any useful result, those Chiefs must be invested with powers to settle definitely all questions connected with the road.

Sir E. Grey has accordingly instructed Sir C. Spring-Rice to endeavour to ascertain and to report the approximate date on which the Khans intend to reach Paris, and, further, to state whether there would be time and opportunity, before they leave, for His Majesty's Vice-Consul at Ahwaz to place himself in communication with the ruling family and obtain their consent to the arrangement proposed by you.

I am to add that, as Sir C. Spring-Rice recently reported in connection with a different matter, if the two Khans are unwilling to put themselves in communication with His Majesty's Legation, it may be difficult for him to obtain the desired information, and that it is to be feared that, owing to the condition of the roads at the present season, Captain Lorimer may in any case find it impossible to take the steps which your Directors desire.

I am, &c.
(Signed) E. GORST.

[4171]

No. 72.

India Office to Foreign Office.—(Received February 6.)

Sir,

India Office, February 6, 1907.

WITH reference to Sir Francis Campbell's letter of the 14th January last, relative to the question of the Meshed-Seistan telegraph, I am directed by Mr. Secretary Morley to forward, for the information of the Secretary of State for Foreign Affairs, copies of telegrams which have passed between this Office and the Viceroy upon the subject.

It will be seen that the Government of India are in favour of the second wire on the Meshed-Seistan line, for political and commercial reasons. Mr. Morley, however, is not satisfied that the political effect anticipated by the Government of India would be attained; nor does he consider it necessary at the present moment, in the case of a temporary arrangement such as is at present proposed, to take into account the expansion of traffic which might result from a linking up of the Indian and Russian systems.

A note by the Director-in-Chief of the Indo-European Telegraph Department upon the practical aspects of the proposal of the Government of India is inclosed for Sir E. Grey's information. On the whole, Mr. Morley is disposed to think that Sir A. Nicolson might be instructed to propose that, instead of placing additional wires on the lines, neutral, or rather combined, offices should be established at all stations, both terminal and intermediate, where British and Russian signallers are employed; or, alternatively, separate offices belonging to each Power, with a commutator in a separate shed accessible to both parties; and that the signallers of each Power should have for certain fixed hours in each day uninterrupted possession of the offices and lines.

I am, &c.
(Signed) HORACE WALPOLE.

Inclosure 1 in No. 72.

Mr. Morley to Government of India.

(Telegraphic.) P.

India Office, January 8, 1907.

MESHED-SEISTAN line: Your telegram of the 15th December, 1906.

Your telegram of the 19th December shows that on Seistan line, at any rate, there is no need for second wire; and His Majesty's Government, though they are prepared, subject to Russian Government undertaking to support Nasratabad extension, to accept Russian proposal provisionally as *modus vivendi* pending general settlement, would be glad to avoid expense of second wires both on Tehran and Seistan lines. I should be glad if you could formulate a scheme by which Consular officers of each Power could respectively secure, as a matter of right, on line worked by the other Power, exclusive use and control of existing wire for sufficient number of hours daily.

Inclosure 2 in No. 72.

Mr. Morley to Government of India.

(Telegraphic.) P.

India Office, January 15, 1907.

MESHED-SEISTAN telegraph line.

Please reply, with the least possible delay, to my telegram dated the 8th instant.

Inclosure 3 in No. 72.

Government of India to Mr. Morley.

(Telegraphic.) P.

January 27, 1907.

MESHED-SEISTAN telegraph: Your telegram dated the 8th instant.

We consulted Consul-General, Meshed, and Consul, Seistan, by telegram on the 12th instant. Following are their replies:—

1. *From Major Sykes.*

"Exclusive Persian control over both lines, with only Persian officials except at terminuses, or with minimum number of clerks of both Powers at necessary centres, might be arranged, provided Russia is prepared to act in good faith. In order that tapping may be prevented as much as possible, all instruments should be out of line circuit."

2. *From Captain Kennion.*

"Should suggestion of Consul-General, Meshed, in which I concur, prove impracticable, I suggest that we should adopt any scheme by which it will be insured that officers of one Power shall not have access to line while it is being used by the other. There are two alternative arrangements that would make this possible, viz.:—

"First, use of Persian office, both at intermediate and terminal stations, by both foreign Powers.

"Second, establishment of neutral offices, to be used both by ourselves and Russians.

"Maintenance of separate battery and instruments by both Powers would not be open to objection. Presence of British signallers, to remain in office while line occupied by us, would also be necessary wherever Russians have them."

Following are my own views:—

1. That, since large expansion of traffic must follow linking up of line with Russian and Indian systems, cost of second wire on Seistan-Meshed line is justifiable commercially as well as on the political ground that it will give us equal control with Russians over line. Russians would, presumably, pay for extra wire on Tehran-Meshed line.

2. That suggestion of Consul-General, Meshed, to place both lines under exclusive Persian control is impracticable in view of past history, and that absolute Russian control of both lines, through medium of Persian employés, would be the result. Major Kennion's suggestion to establish neutral offices might serve as a purely temporary arrangement, pending erection of second wires or final settlement of question by exchange or otherwise; or, if use of same office by officers of both Powers is objected to by Russians, separate offices, with commutator in separate shed outside, of which both Consulates possessed keys, might be established at both intermediate and terminal stations.

(Repeated to Tehran.)

Inclosure 4 in No. 72.

Note by the Director-in-chief of the Indo-European Department, dated January 29, 1907.

THE Director of Telegraphs at Tehran has informed me that, at the request of the Persian Government, an estimate was prepared for that Government for adding another wire to the line from Tehran to Shahrud, a station about half-way between Tehran and Meshed.

He has also reported that the Meshed-Seistan line during 1905-1906 was interrupted seventeen times for periods aggregating 289 hours.

As to the proposals made, there are objections to using Persian offices at terminal and intermediate stations, as our signallers could not have the offices cleared when they had to send messages. There would be no objection to using neutral offices, because the British and Russian signallers would have the office to themselves at certain fixed hours, and thus the secrecy of the messages would be insured. If the Russians object to neutral, or rather combined, offices, then separate offices would answer, and, as suggested, the commutator would be placed in an outside shed, both Consulates having keys to the shed. It seems to me that the arrangement proposed by the Government of India is the best that could be made for temporary purposes, pending a final settlement of the telegraph question in Seistan.

(Signed) H. A. KIRK.

[4192]

No. 73.

Sir C. Spring-Rice to Sir Edward Grey.—(Received February 6.)

(No. 16.)

(Telegraphic.) P.

GOVERNORSHIP of Seistan.

Tehran, February 6, 1907.

The Governor of Seistan, Hashmat-ul-Mulk, who resides here, says that the Deputy-Governor, his second son, was dismissed by the Persian Government in favour of the Muntahan-es-Saltaneh, with whom he had had a dispute. In consequence of a strong protest from the Hashmat-ul-Mulk, the Persian Government have now made a compromise, and appointed his eldest son, Mohammed Riza, to be Deputy-Governor.

The Persian Government have made no communication to me on the subject, and I am assured by the Russian Minister that he has instructed his Consul to abstain from all interference.

The Hashmat-ul-Mulk is now trying to obtain the Kain Governorship, for which the Persian Government ask a sum of 100,000 tomans.

[4189]

No. 74.

Sir C. Spring-Rice to Sir Edward Grey.—(Received February 6.)

(No. 17.)

(Telegraphic.) P.

Tehran, February 6, 1907.

PERSIA. Sir A. Nicolson's telegram No. 15 of the 4th instant.

Views of Russian Minister, with whom I have spoken, are in agreement with Sir A. Nicolson's telegram.

A revolutionary movement no doubt exists, and he seems to be anxious to take steps to suppress it. In this he is influenced partly by general political sympathy and

interest in the Shah, and partly by his fear of the effect that a revolutionary movement here might have on the Caucasus.

Although there is, I think, a strong movement against the Government, against the Belgian Customs Administration, against foreign loans and Concessions, and against foreign political influence in general, so far there does not appear to be any general anti-Christian and anti-foreign movement likely to endanger person or property. But though not dangerous at present, the anti-foreign movement may become so if foreign Governments take an active part in internal politics.

My advice would be that such interference should be avoided by the two Governments as long as possible (though Russia's position, owing to the Caucasus, differs from ours), but that both Powers should have plans ready on paper for financial or military measures, in case the defence of European lives and property should render such measures absolutely necessary. Popular antipathy would be much increased by any suspicion of joint action, and these plans should therefore be kept as secret as possible.

[4194]

No. 75.

Sir C. Spring-Rice to Sir Edward Grey.—(Received February 6.)

(No. 18.)

(Telegraphic.) P.

Tehran, February 6, 1907.

PERSIA. My telegram No. 17 of to-day.

In order to strengthen the Shah's position against his people, the Russian Minister may be contemplating making him a loan. If we participate in such a loan a very strong popular movement against us will be the result. If we refuse to participate we justify Russia in making it without us.

No serious disorders sufficient to justify exceptional measures have so far occurred, and I think the safest course would be to suggest awaiting developments.

[4254]

No. 76.

Sir A. Nicolson to Sir Edward Grey.—(Received February 7.)

(No. 16.)

(Telegraphic.) P.

St. Petersburg, February 7, 1907.

PERSIA. My telegram No. 15 of the 4th instant.

I took the opportunity yesterday of communicating to the Minister for Foreign Affairs the substance of some information which I had received from Sir C. Spring-Rice tending to show that the situation was not so alarming as that described by the Russian Minister. M. Isvolsky agreed that abstention from all appearance of intervention would be prudent, and that the Persians should be allowed to arrange their differences among themselves. I understood that he had told the Russian Minister to keep in constant touch and consultation with Sir C. Spring-Rice, and he expressed the hope that we should keep each other informed of any fresh developments.

(Confidential.)

He expressed his belief that M. Hartwig had been unduly alarmed at the situation, and had somewhat exaggerated its gravity.

[4356]

No. 77.

Sir A. Nicolson to Sir Edward Grey.—(Received February 8.)

(No. 17.)

(Telegraphic.) P.

St. Petersburg, February 8, 1907.

REFERENCE to telegrams from Tehran of February 6: Unrest in Persia.

M. Isvolsky repeated to me yesterday evening that instructions had been sent to M. Hartwig to act in close concert with British Representative at Tehran. The latter was, I said, of opinion that the attitude of the British and Russian Governments should be one of non-interference in the internal affairs of Persia; and that the situation would be aggravated at this moment by any intervention in view of the movement against foreign officials in the Persian service and against foreign conces-

[1717]

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sions. Though M. Isvolsky is anxious lest this movement, becoming more serious, should affect the Caucasus, I think he is also of this opinion.

As regards the financial measures which the two Governments might undertake under certain circumstances, I venture to think that the Russian Government would not act independently of His Majesty's Government in this matter, and also to submit that our offer of a joint advance still stands open. I will not discuss the question of a plan of possible military action before receiving your instructions.

(Repeated to Tehran.)

[4348]

No. 78.

Sir C. Spring-Rice to Sir Edward Grey.—(Received February 8.)

(No. 20.)

(Telegraphic.) P.

Tehran, February 8, 1907.

BAKHITIARI road. I have received your telegram No. 12.

I am informed that Chiefs will communicate with Colonel Picot on reaching Paris, whither they start in about a week.

It is stated by Sirdar Assad that other Chiefs will accept any arrangement which may be arrived at between him and the Transport Company. He says he will endeavour to show their formal consent to this.

The telegraph line to Ahwaz is not in working order, and communications have to go via Bushire, and from there by post to Ahwaz. I am instructing Vice-Consul at Ahwaz by this means to try to obtain consent of ruling Chiefs.

With regard to affairs of Oil Syndicate, I have just obtained, at request of Vice-Consul at Ahwaz, an undertaking in writing from Chiefs who are now here the exact opposite of that which Transport Company required, viz., that affairs of Syndicate could be dealt with only by ruling Chiefs, and that the others will accept any arrangement which they may make.

Confusion may be caused by conducting affairs of Transport Company in Paris and those of Syndicate at Ahwaz. In any case Company would, I think, be well advised to wait before coming to any arrangement with Sirdar Assad until ruling Chiefs have given formal consent. Sirdar entirely lacks all scruples and enjoys no independent authority which is recognized.

[4357]

No. 79.

Sir C. Spring-Rice to Sir Edward Grey.—(Received February 8.)

(No. 21.)

(Telegraphic.) P.

Tehran, February 8, 1907.

ADVANCE to Shah.

Your telegram No. 203 of last year.

M. Naus has received from the Shah an application for money with which to pay the troops. His Majesty is seriously alarmed at the situation in the town.

According to the Russian Minister the credit of the Russian Bank is exhausted, and, in view of the undesirability of delay, I propose to authorize the Manager of the Imperial Bank of Persia to advance 30,000*l.* to M. Naus (half of this sum to be repaid by the Russian Bank at once) in the form of a joint advance on current account, under the Shah's signature, by the two Banks, at the same interest and with the same security as previous loans.

The constitutional difficulty as to loans is avoided by this method, and the two Governments relieved of responsibility.

The troops certainly need the money, and M. Naus, who has some reason to fear for his personal safety, will see that it reaches them.

The movement against the Government is increasing, especially at Resht and Tabreez. It is partly directed against the Imperial Bank, but, as yet, foreigners personally are not in danger. I think, however, that the preservation of order in the capital and previous precedent justify us in making this small advance.

M. Hartwig is informing the Russian Government.

[4171]

No. 80.

Sir Edward Grey to Sir A. Nicolson.

(No. 9.)

(Telegraphic.) P.

Foreign Office, February 8, 1907.

YOUR telegram No. 7 of the 12th ultimo.

You are authorized to make the following proposal to the Russian Government regarding the Meshed-Seistan telegraph, making it clear to them that the suggested arrangement is only to serve as a temporary *modus vivendi* pending a general settlement, and that it is subject to an undertaking on their part as proposed in M. Isvolsky's note of the 30th November, not to oppose the Nasratabad extension.

Our proposal, the adoption of which would avoid the expense involved in placing additional wires on the lines, is that either neutral, or rather combined, offices should be established at all stations, both intermediate and terminal, where Russian and British signallers are employed; or, as an alternative, separate offices should be established, belonging to each Power, with a commutator in a separate shed accessible to both parties and that the signallers of each Power should have uninterrupted possession of the lines and offices during certain fixed hours every day.

[4520]

No. 81.

Sir C. Spring-Rice to Sir Edward Grey.—(Received February 9.)

(No. 22.)

(Telegraphic.) P.

Tehran, February 9, 1907.

MESHED-SEISTAN telegraph line: Your telegram No. 9 of yesterday to St. Petersburg.

Russian undertaking "not to oppose" will, I fear, only bind the Russian Government as far as official action is concerned. I fear that the present Grand Vizier will oppose the extension if he thinks Russia would prefer not to see it made, even if the Russian Legation ask him officially not to do so.

[4521]

No. 82.

Sir C. Spring-Rice to Sir Edward Grey.—(Received February 9.)

(No. 23.)

(Telegraphic.) P.

Tehran, February 9, 1907.

LOAN to Shah: My telegram No. 21 of the 8th February. Urgent.

I have received a letter from M. Naus, asking that the two Banks should advance 150,000 tomans, "in order to pay the troops and strengthen their loyalty."

There is urgent need of this sum, and M. Naus has received an autograph letter from the Shah authorizing the Customs to borrow it.

May I authorize the manager of the Imperial Bank to pay out this sum, the Russian Bank to repay half of it either in Europe or in Tehran?

[4357]

No. 83.

Sir Edward Grey to Sir A. Nicolson.

(No. 12.)

(Telegraphic.) P.

Foreign Office, February 9, 1907.

THE following telegram No. 15 will be repeated to Tehran:—

"We propose to authorize the advance to the Shah if the Russian Government concur in the arrangement outlined by Sir C. Spring-Rice in his telegram No. 21 of yesterday."

[4520]

No. 84.

Sir Edward Grey to Sir A. Nicolson.

(No. 14.)

(Telegraphic.) P.

Foreign Office, February 9, 1907.

SEE telegram No. 22 from Tehran : Persian Telegraphs.

If you think you can do so with any prospect of success, you should try to obtain the Russian Government's support for the proposed Seistan extension.

[4524]

No. 85.

Sir C. Spring-Rice to Sir Edward Grey.—(Received February 10.)

(No. 24.)

(Telegraphic.) P.

Tehran, February 10, 1907.

ADVANCE to Shah : Your telegram No. 15 of yesterday.

Authorization of the Russian Government has not yet been received. I have just received a friendly message from the Shah, and have just seen the Russian Minister, who has ample means of communicating with His Majesty. M. Naus alleges that the Shah's life is in danger, and that he must have money to pay the troops, but neither Legation has received any intimation from His Majesty to that effect. The Cossack Brigade are the only reliable troops in Tehran, and they have been paid. The remaining 2,000 soldiers earn their own livelihood. Naus' position is seriously menaced, and it looks as if he required the money for his own purposes in order to secure it.

The maintenance of an attitude of non-interference would, I am inclined to think, be the best policy, although Russia and England should, in view of the increasing popular agitation, be prepared for the possibility of Russian armed intervention in the North becoming necessary. The situation at Tabreez is menacing.

If money is advanced the fact will be known, and if the advance is made through M. Naus, both Legations will be compromised in an unpopular cause in which His Majesty's Government are not directly interested.

I have just been warned by the Zil-es-Sultan that if the violent attitude of the popular party increases, the Shah may, in self defence, be obliged to have recourse to foreign help. We must act with great caution, but I think this threat, combined with careful abstention on our part from any interference, may keep things quiet.

My suggestion therefore would be that, in the matter of the advance, we should be instructed to use our own discretion.

[4356]

No. 86.

Sir Edward Grey to Sir A. Nicolson.

(No. 15.)

(Telegraphic.) P.

Foreign Office, February 10, 1907.

SITUATION in Persia : Your telegram No. 17 of the 8th instant.

We entirely concur with Sir C. Spring-Rice in deprecating intervention in the internal affairs of Persia, and you may so inform the Russian Minister for Foreign Affairs.

The view held by His Majesty's Government is that any proposals for measures of a military nature would be opposed to the principle of non-intervention. In any circumstances, though we hope it will not be necessary to mention the question, we should only attempt the protection of British interests in the ports of the Persian Gulf.

[4704]

No. 87.

Sir A. Nicolson to Sir Edward Grey.—(Received February 11.)

(No. 18.)

(Telegraphic.) P.

St. Petersburg, February 11, 1907.

YOUR telegram No. 12 of the 9th instant. Advance to the Shah.

Minister for Foreign Affairs informs me that Russian Government entirely concur in the proposed arrangement, and that Russian Minister in Tehran has informed Sir C. Spring-Rice to that effect.

I have informed Sir C. Spring-Rice of the above.

[4712]

No. 88.

Sir A. Nicolson to Sir Edward Grey.—(Received February 11.)

(No. 19.)

(Telegraphic.) P.

St. Petersburg, February 11, 1907.

SIR C. SPRING-RICE'S telegram of yesterday. Advance to the Shah.

It will not be possible for me to see Minister for Foreign Affairs before to-morrow evening, but I do not think there would be any objection on his side to Russian Minister being authorized to use his discretion as to loan if similar instructions were given to Sir C. Spring-Rice.

[4696]

No. 89.

Sir C. Spring-Rice to Sir Edward Grey.—(Received February 11.)

(No. 25.)

(Telegraphic.) P.

Tehran, February 11, 1907.

NATIONAL Bank.

In the new National Bank Charter there is a clause which gives it the right of priority for importing silver for minting purposes. The Imperial Bank complains of this on the ground that it would enable the National Bank to cut off the supply of coin, and so prevent the Imperial Bank from meeting calls on its notes.

Increasing agitation against Imperial Bank may create difficulties, but I think that in view of the popular excitement we had better take no action for the present.

The question of the amalgamation of the foreign and National Banks may eventually call for serious consideration, especially if the National Bank is offered assistance by German banks ; but as the National Bank has not yet got the necessary funds the question need not be yet raised. It would, perhaps, in any case more properly form part of the general settlement. At the same time the position of the Imperial Bank may, in my opinion, soon become seriously threatened. A warning should be taken from the success of the popular agitation against M. Naus.

[4697]

No. 90.

Sir C. Spring-Rice to Sir Edward Grey.—(Received February 11.)

(No. 26.)

(Telegraphic.) P.

Tehran, February 11, 1907.

REFORM movement.

My telegram No. 24 of the 10th February.

An ultimatum demanding the recognition of the Monarchy as limited, the responsibility of Ministers to the Chamber, and the dismissal of M. Naus and his Chief Assistant has been sent to the Shah by the Assembly. The Shah last night offered a compromise to the first two demands and agreed to the third.

This seems to have put an end to the main difficulty, but the Assembly insist on the acceptance of their other demands. There is no disturbance in the town, but the conflict between the people and the Shah may again take a serious turn, and His Majesty may seek help from outside. Pending further developments, I should recommend an attitude of reserve.

[4714]

No. 91.

Sir C. Spring-Rice to Sir Edward Grey.—(Received February 11.)

(No. 27.)

(Telegraphic.) P.

Tehran, February 11, 1907.

I HAVE agreed with Russian Minister that we should both telegraph to our Governments as follows :—

"The dismissal of MM. Naus and Prien entails, in our opinion, great danger for the revenues of the customs, especially as rumour says that the Assembly intend to take over these revenues for the purposes of the National Bank.

"This would be an infraction of the loan Conventions, and we therefore think that it would be desirable to address the Persian Government, asking what they intend to

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do with regard to the customs administration, and what guarantee they will give that these revenues should not be diverted, seeing that they are the sole security for our loans.

"We should be glad to receive, as soon as possible, the authorization of our Governments to make communication in the above sense."

I am informed by the Belgian Minister that the Minister of Finance, to whom, in conjunction with a Belgian Assistant who was lately in charge of the customs at Resht, the control of the customs has now been intrusted, says that he perfectly realizes that the interest on the foreign loans must be punctually paid.

The proposed communication to the Persian Government, if carefully worded, seems to be unobjectionable, so long as we avoid all appearance of intervening on behalf of M. Naus personally.

[4715]

No. 92.

Sir C. Spring-Rice to Sir Edward Grey.—(Received February 11.)

(No. 28.)

(Telegraphic.) P.

Tehran, February 11, 1907.

REFORM movement.

No arrangement has yet been come to with the Shah, but all is quiet in the town.

From Tabreez His Majesty's Consul-General reports that the people there have closed the Government offices and taken over the arsenal. There are no disturbances, but the Kurds have assured the people of their support, and the latter are determined.

M. Hertwig tells me that if the situation gets worse a demonstration in the Gulf and on the frontier may become necessary. So far there is no movement against foreigners personally, but I think the Russian Government will be bound to take some sort of military measures on the first appearance of any such movement.

I trust that, until some open demonstration is justified by overt action against foreigners, no active measures will be taken, but I think the two Governments should at once concert preparatory arrangements. My Russian colleague has been sounded as to possible military action by the Zil-es-Sultan.

I have explained to M. Hertwig that His Majesty's Government, to the best of my belief, will only consent to action justified by considerations of self-defence, and not to any political demonstration in favour of the Government. In view of the political situation of the Caucasus and Central Asia, the Russians may take a different view of the matter.

[4716]

No. 93.

Sir C. Spring-Rice to Sir Edward Grey.—(Received February 11.)

(No. 29.)

(Telegraphic.) P.

Tehran, February 11, 1907.

REFORM movement.

My telegram No. 28 of to-day.

Difficulty is now regarded as settled, the Shah having formally accepted the demands of the people.

[4524]

No. 94.

Sir Edward Grey to Sir C. Spring-Rice.

(No. 16.)

(Telegraphic.) P.

Foreign Office, February 11, 1907.

YOUR telegram No. 24 of yesterday.

You have authority to act according to your discretion with regard to the advance to the Shah, acting throughout in concert with the Russian Minister. His Majesty's Government desire to avoid, as far as possible, affording any pretext on which an accusation of interference in the internal affairs of the country might be based.

[4810]

No. 95.

India Office to Foreign Office.—(Received February 12.)

THE Under-Secretary of State for India presents his compliments to the Under-Secretary of State for Foreign Affairs, and, by direction of Mr. Secretary Morley, forwards herewith, for the information of the Secretary of State, a paraphrase of a telegram to the Viceroy, dated the 9th February, relative to the Meshed-Seistan telegraph line.

India Office, February 12, 1907.

Inclosure in No. 95.

Mr. Morley to Government of India.

(Telegraphic.) P.

India Office, February 9, 1907.

MESHED-SEISTAN line.

Your telegram dated the 27th ultimo.

Instructions have been sent to Sir A. Nicolson to propose alternative arrangements you have suggested to the Russian Government, making it at same time plain that proposal is subject to Russian Government's undertaking, as proposed by M. Isvolsky in note of the 30th November, 1906, not to oppose Nasratabad extension, and that it is only temporary arrangement as *modus vivendi* pending general settlement.

[4811]

No. 96.

India Office to Foreign Office.—(Received February 12.)

THE Under-Secretary of State for India presents his compliments to the Under-Secretary of State for Foreign Affairs, and, by direction of Mr. Secretary Morley, forwards herewith, for the information of the Secretary of State, a paraphrase of a telegram to the Viceroy, dated the 9th February, relative to the reinforcement of Consular guards in Persia.

India Office, February 12, 1907.

Inclosure in No. 96.

Mr. Morley to Government of India.

(Telegraphic.) P.

India Office, February 9, 1907.

CONSULAR guards, Persia.

Your telegram dated the 17th ultimo.

I approve action proposed; previous reference should, however, be made to His Majesty's Government before mobile column or other force is dispatched to Persia. See telegram dated 31st ultimo from His Majesty's Minister at Tehran, repeated to you.

[4816]

No. 97.

Sir A. Nicolson to Sir Edward Grey.—(Received February 12.)

(No. 20.)

(Telegraphic.) P.

St. Petersburg, February 12, 1907.

PROPOSAL that question of loan to the Shah should be dealt with by British and Russian Representatives according to their discretion has not yet been communicated to Minister for Foreign Affairs by Russian Minister at Tehran, but, when he receives it, he will authorize Russian Minister to act in concert with Sir C. Spring-Rice as to the mode which might appear most advisable to both.

(Sir C. Spring-Rice informed.)

[4817]

No. 98.

Sir A. Nicolson to Sir Edward Grey.—(Received February 12.)

(No. 21.)

(Telegraphic.) P.

St. Petersburg, February 12, 1907.

SIR C. SPRING-RICE'S telegram of yesterday.

Persian customs revenues.

Russian Minister at Tehran has communicated to Minister for Foreign Affairs text of proposed communication to Persian Government. It is identical with that received from Sir C. Spring-Rice. Personally, M. Isvolsky considers that some such communication is necessary to safeguard our joint financial interests, but he will consult with Minister of Finance. He presumes most suitable date to make communication would be considered by the two Representatives.

I should be grateful to be furnished with your views on the communication, so that I may inform Minister for Foreign Affairs of them.

(Above communicated to Sir C. Spring-Rice.)

[4818]

No. 99.

Sir A. Nicolson to Sir Edward Grey.—(Received February 12.)

(No. 22. Confidential.)

(Telegraphic.) P.

St. Petersburg, February 12, 1907.

MINISTER for Foreign Affairs told me to-day that he had been in consultation with the Minister of War and the Chief of the General Staff on the Persian situation. The following is the policy of the Russian Government. Abstention from all interference in the internal affairs of Persia; not to have recourse to military measures unless they are rendered absolutely necessary, and to keep them within the narrowest possible limits should such a contingency become unavoidable; to act generally in close harmony with His Majesty's Government, and to do nothing without previous consultation with them. He expressed a hope that His Majesty's Government would reciprocally observe such an attitude, and I gave him assurances that he need entertain no doubts that that would be our line of conduct.

(Repeated to Sir C. Spring-Rice.)

[4714]

No. 100.

Sir Edward Grey to Sir C. Spring-Rice.

(No. 17.)

(Telegraphic.) P.

Foreign Office, February 12, 1907.

PERSIAN customs.

You have authority to make, in concert with the Russian Minister, a communication to the Persian Government, in the form of an inquiry, as suggested in your telegram No. 27 of yesterday.

[4715]

No. 101.

Sir Edward Grey to Sir C. Spring-Rice.

(No. 18.)

(Telegraphic.) P.

Foreign Office, February 12, 1907.

SITUATION in Persia.

Your language to the Russian Minister, as reported in your telegram No. 28 of yesterday, to the effect that His Majesty's Government can not consent to any demonstration against the reform movement or in favour of the Persian Government, has my entire approval.

The Russian position is evidently difficult but on no account must we be drawn into any show of force unless it is rendered absolutely necessary for the protection of foreigners, though even then our action could only extend to the ports for physical reasons. Therefore, you should bring all your influence to bear to discourage the Russian Government from the contemplation of any demonstration with a view to political effect, which would be in clear contradiction with the principle of non-intervention.

[4892]

No. 102.

Sir A. Nicolson to Sir Edward Grey.—(Received February 13.)

(No. 23.)

(Telegraphic.) P.

St. Petersburg, February 13, 1907.

SIR C. SPRING-RICE'S telegram No. 27 of the 11th February. Persian customs.

The Ministry of Foreign Affairs have communicated a *pro-memorid* to me, stating that instructions have been sent to the Russian Minister in Tehran to make the inquiries proposed in the above-mentioned telegram, should his British colleague be similarly instructed.

On receipt of your telegram No. 17 of yesterday, I informed the Ministry that the necessary authorization had been given to Sir C. Spring-Rice.

(Repeated to Sir C. Spring-Rice.)

[4818]

No. 103.

Sir Edward Grey to Sir A. Nicolson.

(No. 19.)

(Telegraphic.) P.

Foreign Office, February 13, 1907.

SITUATION in Persia.

Express to M. Isvolsky our satisfaction at the statement of Russian policy contained in your telegram No. 22 of yesterday, which meets with the entire concurrence of His Majesty's Government, and will be faithfully observed by them.

[5007]

No. 104.

Sir C. Spring-Rice to Sir Edward Grey.—(Received February 14.)

(No. 31.)

(Telegraphic.) P.

Tehran, February 14, 1907.

REFORM movement: Sir A. Nicolson's telegram No. 22 of the 12th instant.

With regard to the present situation in Persia, my Russian colleague and I have agreed as follows:—

"The Concessions granted to the Assembly by the Shah have led to a general cessation of the agitation in Persia. We expect that, with the possible exception of isolated incidents during the month of Moharrem, there will be no trouble, for some time at any rate. No particular danger is, in our opinion, to be apprehended for the Shah or for European subjects or agents, but of course we will keep a careful eye on the situation.

"We are acting in harmony and are constantly in touch with one another."

I saw Minister for Foreign Affairs yesterday, and explained to him that there would be no interference on the part of either Power unless their nationals were attacked. I begged that he would inform the leaders of the Popular party of this and make it clear to them. Both the Russian Minister and I have constantly expressed ourselves in this sense, and I think the leaders understand it.

At the same time, the people of Tabreez distrust the Shah's promises, and there is still some excitement there, and I think it not impossible that events in North Persia may force the hands of the Russian Government. In these circumstances it would be well to be prepared for such an eventuality.

[5008]

No. 105.

Sir C. Spring-Rice to Sir Edward Grey.—(Received February 14.)

(No. 32.)

(Telegraphic.) P.

Tehran, February 14, 1907.

ADVANCE to Shah: Sir A. Nicolson's telegram No. 20 of the 12th instant.

Country is now quiet, and Russian Minister and I agree that moment is not opportune for making the proposed advance, which would probably not be used for paying the troops, but would be diverted to other purposes. We can hold it in reserve, and hand it over if absolute necessity should arise.

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[3498]

No. 106.

Foreign Office to Treasury.

Sir,

Foreign Office, February 14, 1907.

I AM directed by Secretary Sir E. Grey to acknowledge the receipt of your letter of the 25th ultimo relative to certain proposals for increased expenditure in Persia, the incidence of the cost involved, and the question of a possible reduction in existing establishments in that country. The Secretary of State for India is being consulted on the points raised in your letter, and an answer will be returned as soon as his observations have been received.

Sir E. Grey is, however, of opinion that, while certain of the proposals made by the Government of India may form the subject of further consideration, the question of policing the trade routes of Southern Persia and of affording proper protection to British trade interests in those regions is one of immediate importance.

I am to transmit herewith, to be laid before the Lords Commissioners, copy of a letter from the London Chamber of Commerce,* to which reference was made in my letter of the 8th August, 1906, showing the dangerous condition of these roads. Later reports confirm the prevailing insecurity. Representations to the Persian Government have proved useless, as they have not the means at their disposal to assure order and safety, which can only be secured by enabling His Majesty's Consular officers to furnish the necessary protection to travellers and traders.

I am therefore to express Sir E. Grey's hope that, pending a further communication on other questions, their Lordships will give their early and favourable consideration to the proposal to increase the Consular guard at Kerman, and also to the substitution of cavalry for infantry in the Consular guard at Bunder Abbas as suggested by the Secretary of State for India in the letter of the 30th ultimo, copy of which is herewith inclosed.†

I am, &c.
(Signed) E. GORST.

[3498]

No. 107.

Foreign Office to India Office.

Sir,

Foreign Office, February 14, 1907.

I AM directed by Secretary Sir E. Grey to acknowledge the receipt of your letter of the 30th ultimo, and to transmit to you herewith, to be laid before the Secretary of State for India, copy of a letter from the Treasury regarding certain proposals for increased expenditure in Persia,‡ according to a list annexed, to which the sanction of the Lords Commissioners has hitherto been withheld pending the result of unofficial discussions as to the general question of the growth of expenditure in Persia and its incidence.

It will be observed that their Lordships are prepared to accept as a charge against Imperial funds one moiety of the additional cost of such of these proposals as have been already carried into effect, but that they invite consideration as to whether in present circumstances it is necessary to proceed with the remainder of the proposals; and, further, whether it will not be practicable and desirable to effect, in the near future, a substantial reduction in the existing establishments in Persia.

I am to state that Sir E. Grey sees no immediate prospects of any reductions in the present establishments under the Foreign Office, but that he would be glad to receive Mr. Morley's observations with regard to the Indian portion of the expenditure involved. He would also be obliged for information as to which of the proposals referred to in paragraph 2 of the Treasury letter have been already carried into effect.

It appears to Sir E. Grey that, while certain of these proposals may form the object of further consideration, the question of policing the southern trade routes and of affording proper protection to British trade interests in that part of Persia is one of immediate importance. I am to inclose herewith copy of a letter which has been addressed to the Treasury on this subject.§

I am, &c.
(Signed) E. GORST.

* London Chamber of Commerce, July 30, 1906.

† No. 56.

‡ No. 51*.

§ No. 106.

[5221]

No. 108.

Sir A. Nicolson to Sir Edward Grey.—(Received February 17.)

(No. 24.)

(Telegraphic.) P.

St. Petersburg, February 17, 1907.

A SITTING took place recently of the Committee which is examining the questions forming the subject of our negotiations, and I hear from Count Beuckendorff that considerable progress has been made, and that the results were generally satisfactory—in fact, he seemed to think that the time when the whole Convention could be concluded was not far distant. The Committee, he said, are desirous of knowing our views as to the terms of the Afghan Convention, in view of its close connection with the Persian arrangement. I replied that our views on the subject were not yet ready for communication.

I expect to see the Minister for Foreign Affairs on Wednesday, and I shall endeavour to ascertain from him the nature of the Russian proposals as to Persia. I will tell him that we cannot well open up the Afghan question until we are in possession of these proposals.

May I tell the Minister for Foreign Affairs, when the time comes to discuss the latter, that we would be prepared to recommend the Amoor to allow intercourse on local and non-political matters between Russian and specially designated Afghan frontier officials, and not merely that we would raise no objections to such relations? The former course is, I think, what he will suggest.

There is evidently a desire to hasten on our negotiations. The moment is favourable, and it would be advisable not to let it pass by. I understand that the Japanese negotiations are progressing well.

[5270]

No. 109.

Sir C. Spring-Rice to Sir Edward Grey.—(Received February 18.)

(No. 18.)

Sir,

Tehran, January 29, 1907.

I HAVE the honour to transmit herewith a summary of the events of the past year. Separate Memoranda on various current matters prepared by the Counsellor, Military Attaché, and Secretaries of this Legation, will be sent later in a separate despatch. I venture at the same time to submit the following observations:—

The action taken by Mr. Grant Duff, in relation to the popular movement, was forced upon him by the circumstances of the case. The occupation of the Legation premises by the refugees was mainly owing to the fact that they could not take refuge in the mosques, and that the troops had already caused considerable loss of life. There was a widespread conviction that while the British nation sympathized with a constitutional movement, the Russian officials in Persia would exercise their influence against it, and in favour of the existing system of government, to which in the main they owed their predominant influence in the country. The popular party, therefore, finding it necessary to resort to the national custom of "bast" in order to secure their objects, determined to take refuge in the English, and not in the Russian, Legation. The only method by which this occupation could have been prevented was to invoke the aid of the Persian troops against persons who, in their struggle for liberty, had taken refuge under the British flag. It does not appear that such a step has yet been authorized by His Majesty's Government. In the negotiations which followed Mr. Grant Duff took part, at the formal request of both parties. His intervention was rendered necessary by the fact that the popular leaders absolutely refused to enter into direct relations with the Government or to accept communications from the Sadr Azam. A solution of the pending difficulty was only possible through his mediation; and as to this both parties were agreed.

His action as peacemaker, which was marked by vigour and impartiality, and which was crowned with complete success, resulted in a very great increase in the influence and prestige of the British Government in Persia, and a corresponding diminution in the influence of Russia. The Russian Government was thereby induced to suggest a *modus vivendi* and accepted the proposal for a joint loan which had been made in January, but which had remained until August without an answer. In the interval there is good reason for the belief that, at any rate, the Russian Financial Department, with the knowledge of the Russian Legation here, was ready to negotiate

a loan, and that the terms offered amounted to a serious impairment of Persian independence.

I venture to point out that the terms of the joint advance, as finally accepted by the Russian Department of Finance, provided for the repayment of the advance at an early date, and that, if this condition is complied with, the Persian Government will have to resort to the expedient of a larger loan, which, as I am informed by a high Persian authority, the Russian Government expect Persia to obtain, not from the two Governments, but from Russia alone.

The truce arranged in August between the two Governments was, from the Russian point of view, an invaluable expedient for tiding over the interval which would elapse before the accession of the Russophil Valiahd, who had been brought up in Tabreez, where Russian influence was necessarily predominant, and also had been carefully "nursed" by Russian agents, who had freely supplied him with money, arms, and friendly assurances. At the same time it had a beneficial effect upon Persian politics, for although the Russian Government did not, like that of His Majesty, bind itself to a policy of non-intervention in Persian politics, the attitude of England has been hitherto imitated by Russia, and both the English and the Russian agents have co-operated in the work of conciliation.

I must however add that a review of recent events in Persia appears to point to the conclusion that the *modus vivendi* has not affected the general course of Russian policy here, although it has certainly resulted in more friendly personal relations between English and Russian Agents on the spot and in all probability prevented an open conflict between England and Russia in connection with the popular movement in the summer, and has, therefore, in no small degree contributed to the cause of peace. More than a month after the conclusion of the Agreement the Russian local officials took the most decided step in advance which has been taken by Russia in this country in recent years and seized by force the Seistan end of the Meshed-Seistan telegraph line. On the 14th September Sir A. Nicolson communicated a written Memorandum stating that the English guarantee for their part of the advance would include the ports outside the gulf, that is, in the district where, according to the general impression here and the statements of Russian officials themselves, the Russian Government intends eventually to construct its naval station. On the 25th October the Russian Minister formally refused to accept such a definition, although a month before it had been formally accepted by M. Isvolsky. Quite recently an effort was made by a Russian Consul, supported by his Minister, to contest the action taken at Bunder Abbas under the international Conventions by a British quarantine official. Nor is there any sign that the Russian local officials on the Perso-Afghan frontier are relaxing their efforts to obtain control of the quarantine administration, which gives them wide powers of political control or interference, and the recent action of Russian officials in Seistan with regard to the appointment of a Governor does not appear to differ materially from such action as they were in the habit of taking against British interests before there was any question of an Agreement.

In reviewing the events of the past year it is difficult to avoid the conclusion that in the spring and summer the Russian Government (contrary to the wish and policy of Count Lamsdorff) had no serious intention of coming to an equitable arrangement with England in regard to Persia. This determination was modified, however, by the unexpected power of the popular movement, the collapse of the Valiahd before it, and the predominant influence which accrued to the British Legation. It was evidently impossible for Russia to obtain the consent of the Persian Government to a loan under the conditions desired; and it was not unlikely that an application would be made to England or some other Power. But the crisis was regarded as only temporary. Within a few months there was every reason to suppose that the Russophil Valiahd would succeed to the throne and that the popular movement would collapse. Under these circumstances it appeared advisable to accept the offer of the English Government, already made, but left in the air, in a form more or less binding on England, but never formally accepted by Russia, for joint financial assistance. But in accepting the offer it was never intended by those who had the real direction of affairs to modify in any essential point the policy hitherto pursued by Russia and which Russia intended to pursue to its logical conclusion, namely the absorption of the whole of Persia without participation under her exclusive control. The "joint advance" was to be made only for a few months, and payment was to be demanded out of the proceeds of a larger loan, which would be issued under conditions more favourable to Russian influence, after the collapse of the popular movement and the accession of the Valiahd. And after the offer had been accepted, the Russian Legation was free

to continue its former policy here, with the sole modification that the relations between Russian and English officials should be improved by the withdrawal of English opposition, and the popular sympathies alienated from England, by her apparent co-operation with Russia.

And I venture to add that the Russian view of the case appears to be based on Russia's military position in regard to Northern Persia, her influence over the Shah and the governing classes, and her pecuniary sacrifices, which are all incomparably superior to those of England.

I have, &c.
(Signed) CECIL SPRING-RICE.

Inclosure in No. 109.

Summary of Events in Persia for the year 1906.

THE year 1906 has been a very important epoch in Persian history, for it has brought with it the introduction of parliamentary institutions.

The condition of Persia had been for some time growing more and more intolerable. The Shah was entirely in the hands of a corrupt ring of courtiers, who were living on the spoils of the Government and country. He had parted with the treasures inherited from his father, and with most of the Imperial and national domain. He had thus been obliged to have recourse to foreign loans, the proceeds of which he had spent in foreign travel or had lavished on his courtiers. There was a yearly deficit, and the debt of the country was growing daily. There appeared to be no resource but another foreign loan, which, as was known, would be expended in the same way as preceding loans, and it was generally believed that the loan would only be granted under conditions which would practically extinguish the independence of the country. A certain number of young and independent men were aware of the facts, and were themselves engaged by the Government in the negotiations which were being carried on with a view to the loan. The only capable administrator in the country, the Belgian M. Naus, was known to have amassed a considerable fortune during the seven years of his service, and was believed to be personally interested in the conclusion of a loan from which he would undoubtedly derive both power and profit. And it was to him that the Government was bound to intrust the loan negotiations.

These facts, known in their entirety to a few who could not divulge the details, were vaguely known to a large number of Persians, and especially to the priests. Already in the time of the late Atabeg a formidable movement had been started at Kerbela against the policy under which the country was being gradually sold to foreigners by the Shah and his Court. A new Grand Vizier had been appointed, whose moving principle was believed to be independence of foreign control. His first act was to attempt some sort of financial reform, the object of which was to render the country independent of foreign financial assistance. But as soon as he had obtained control of the Government, it was apparent that his main and principal object was to make money. He made an alliance with the Shah's chief adviser for a division of the spoil. Governments were put up for sale, grain was hoarded and sold at extortionate prices, the Government domains were stolen or sold for the benefit of the two conspirators, rich men were summoned to Tehran and forced to disgorge large sums of money, oppression of every sort was countenanced for a consideration; the property, and even the lives, of all Persian subjects were at their mercy. Finally there was every reason to believe that a conspiracy was on foot to dethrone the foolish and impotent Shah and to oust the Valiahd. In their place was to be put the Shooa-es-Sultaneh, the Shah's younger son, who was a by-word even in Persia for extortion and injustice.

The policy of the Atabeg and his friends had thus aroused the opposition of all classes in Persia: of the few more or less patriotic statesmen, who knew to what a goal the country was being led; of the priests, who felt that their old power and independence would perish with that of their country; and of the great mass of the population and the mercantile classes, who were the daily victims of the tyranny of their oppressors.

To these strong motives must be added the wave of independence which was passing over the eastern part of Europe, and the added sense of dignity given to the Asiatic races by the victories of Japan. The great idol of autocracy which

had overshadowed the world was being shattered from without and undermined from within.

In December the storm broke. The Governor of Tehran, without any just cause, ordered an aged Seyed to be cruelly beaten. A large number of the prominent Mujtehids took "bast" in the shrine of Shah Abdul Azim, near the capital. The Government did all it could, by bribes and intimidation, to break up their resistance; the only result was that any priest who yielded to the Government was promptly branded as a traitor. The Shah gave way, and made some vague promises as to the grant of popular representation and the reform of justice and administration. But the refugees had published their statement of grievances in a clear and striking form. They appealed to the patriotism of the Persian people and to the beliefs and traditions of true Mussulmans, and they publicly accused the Government of the Shah and his courtiers as responsible for the sufferings of the people and the disgrace of the country.

By the end of January the first act was over, and the refugees were brought back to Tehran in the Shah's own carriages, escorted by an enthusiastic crowd. The Government seemed to think that the danger was over. There were dissensions between the popular leaders and the priests, who began to feel that a new element, dangerous to their authority, was coming to the fore. The Government had collected a certain number of devoted men, on whom it was thought they could count in the event of disorders. No definite step was taken to give effect to the Shah's promises, except a vague letter promising Courts of Justice and a new Code, and the appointment of a Council to consider the whole question of reforms. In this Council it soon became evident that the Government could control the leaders of the reform movement, and that the sympathies of the great Mujtehids were not heartily with the popular movement. All was outwardly quiet in Tehran, but in the provinces the people of Shiraz and Resht had taken violent measures to prevent the reappointment of the Shah's sons as their Governors, and the movement in both cases was successful. In the capital itself the streets and the bazaars were quiet, but every day sermons were preached in the mosques, in which, as one of the popular party said, "what we hardly dared to think a year ago was openly spoken." The best-known preacher of Tehran, a Prince of the Imperial house, preached every Friday against the tyrannies and corruption of the Government. An order for his expulsion was issued. The chief Mujtehids, incited by the people, pressed the Government to withdraw the measure, and the Government had to yield. And in this incident a new element made itself manifest, for the preacher in question was the advocate of a union of all Mussulmans, and he enjoyed the special protection and friendship of the Turkish Ambassador. The movement was not only popular, but religious, and it threatened the very existence of the Kajar dynasty.

The Government had now recourse to the old measure of a "Council," in which it counted on its former success. It was not disappointed. Hardly any one dared to speak plainly and frankly. There was, however, one exception. The Ehtesham-es-Sultaneh, in a vigorous and eloquent speech, the terms of which became at once known throughout the town, accused the Sadrazam and his friends of being the authors of the ruin of the country. He was interrupted again and again, not by the Sadrazam, but by his henchman, the Minister of the Court, who protested that such words were treason. The bold speaker was sent off on a distant mission; the Minister of Commerce, who had openly protested at various times against the administration of M. Naus, was exiled at the instance of the Russian Legation, and order was outwardly restored.

In the middle of May the Shah had a paralytic stroke, and was incapacitated from business. The news which reached him was edited by the reactionary Minister of the Court, the confederate of the Prime Minister. It was felt that little was to be gained by a personal appeal to His Majesty, and with the Shah's departure to the country in the middle of June a lull ensued in the agitation. This period of calm lasted until the first week in July, when the principal Mujtehids began preaching in the mosques against the Grand Vizier and inciting the people to revolt. On the 11th the Grand Vizier ordered the arrest of a well-known preacher, an elderly Seyed. A woman who was passing reported the arrest to the people and a rescue was attempted. The officer in command of the troops ordered them to fire on the mob, and, on their refusing, fired himself and killed a Seyed on the spot. The mob then tried to rush the guard-house, and four volleys were fired by the soldiers, wounding a number of the attacking party. After a short fight the soldiers were routed. The body of the Seyed was taken to a neighbouring mosque, where a large crowd collected, and messages

were sent to the neighbouring Mujtehids, who shortly arrived with a large following. The bazaars were closed and the streets full of men wearing winding-sheets, to show that they were ready to fight to the death, and of women beating their breasts and cursing the Government. The Grand Vizier and the Commander-in-chief went to Tehran escorted by a large body of cavalry. A council was held, at which it was decided to use force. Troops were picketed in the bazaars, and a Royal Proclamation was issued condemning the agitation and asking the Clerical party to formulate their grievances, but stating that the Grand Vizier would not be dismissed. The 12th July brought no change in the situation. The crowds remained posted round the great mosque, which was occupied by the Mujtehids. On the 13th a number of people began beating their breasts and shouting "Hassan, Hussein." They surrounded a pole bearing the blood-stained shirt of the murdered Seyed and paraded it through the bazaars. The soldiers tried to stop the procession and finally fired, killing and wounding many. The bodies were carried away by the soldiers and buried in a pit near the town. The news was brought to the mosque where the Mujtehid Seyed Abdullah was preaching. Holding up the Koran, he read the Shah's message to the people, and said that their demand for justice had been met by bullets. From the 13th to the 15th July the Mujtehids remained in the mosque, which was closely surrounded by soldiers, so that supplies were only received by stealth and with difficulty. At last the Government gave permission to the Mujtehids to retire, on condition that they were not accompanied by the people. On the 15th they left the city and passed the night at a mosque on the Kum road. From there they issued a declaration threatening, if the Shah did not fulfil his promise and introduce reforms and dismiss the Grand Vizier, to proceed in a body to the holy places, and thus leave the capital without religious guidance and without the possibility of carrying out any legal transactions.

It appeared as if the Government had won the day. The town was in the hands of the troops. The popular leaders had fled. The Shah was in the hands of their opponents. For the popular party the outlook was a grave one. It was shown that even the death of a descendant of the Prophet and the sanctity of a mosque were no deterrents to their enemies. It was true that the mosque was not invaded by the troops; but it was surrounded and no supplies were allowed to pass through. The bazaars were in the occupation of the soldiers and there appeared to be no place of refuge.

Under these circumstances, they had recourse to an expedient sanctified by old and, indeed immemorial, custom, the rule of "bast." In 1848 the chief persons of the Empire had taken refuge with the English and Russian Legations in order to obtain the exile of the tyrannical Minister Mirza Aghassi, and since then it had been the custom of persons who had grievances against their own Government to take refuge under the shelter of a foreign Legation. Quite recently the Sheikh-ul-Reis, a prominent preacher, had taken "bast" at the Turkish Embassy and had only left it under a safe conduct, which remains in the hands of the Turkish Ambassador. It was resolved, failing all other resources, to adopt this expedient.

On the 9th July, that is, before the killing of the Seyed and the arrest of the preacher, which took place on the 11th, Agha Seyed Abdullah, the most energetic but not the most incorruptible of the Mujtehids, addressed a letter to Mr. Grant Duff applying for the active assistance of His Majesty's Legation. Acting under instructions, Mr. Grant Duff replied that it was quite impossible for His Majesty's Legation in any way to support a movement directed against the Government of the Shah. On the 16th, that is, after the events above described, the Agha addressed another letter to Mr. Grant Duff, on the eve of his departure, telling him that, in order to prevent the further effusion of blood, the Mujtehids were leaving the city for the holy places and expressing the hope that they would have his sympathy in their struggle against cruelty and oppression.

Two days afterwards, on the 18th July, two persons called at the Legation at Gulahak, 7 miles from town, and asked whether, in case the people took "bast" in the British Legation at Tehran, the Chargé d'Affaires would invoke the aid of the military to remove them or prevent their friends from repairing to the Legation premises. Mr. Grant Duff expressed the hope that they would not have recourse to such an expedient, but he said that it was not in his power, in view of the acknowledged custom in Persia and the immemorial right of "bast," to use, or cause to be used, force to expel them if they came. Mr. Grant Duff at once informed the Minister for Foreign Affairs, who, however, seemed to regard the matter with some satisfaction. At any rate, nothing was done to prevent what followed.

On the evening of the 9th fifty Mullahs and merchants appeared at the Legation and took up their quarters for the night. Their numbers soon increased, and on the 2nd September there were about 14,000 persons in the Legation garden. Their conduct was most orderly. The crowd of refugees were organized by the heads of the guilds, who took measures to prevent any unauthorized person from entering the Legation grounds. Tents were put up and regular feeding-places and times of feeding were provided for. The expense was borne by the principal merchants. No damage of a wilful character was done to the garden, although, of course, every semblance of a bed was trampled out of existence, and the trees still bear pious inscriptions cut in the bark. Colonel Douglas, the Military Attaché, kept watch over the Legation buildings, but no watch was needed. Discipline and order were maintained by the refugees themselves.

Mr. Grant Duff has left on record a detailed account of the intricate negotiations which followed. The Government sent answers to the popular demands which they requested Mr. Grant Duff to read to the people. The Government communications were received with derision. At last there appeared to be no other resource than a personal appeal to the Shah. The people stated firmly that unless their demands were granted they would remain in the Legation, as it was their only place of safety, and they maintained that until the Shah knew what was the real situation their requests would never receive due consideration. Mr. Grant Duff obtained the consent of His Majesty's Government and announced to the Minister for Foreign Affairs that he demanded an audience. An audience was fixed for the 30th July. The audience, however, never took place. The commander of several of the Tehran regiments, on whom the Minister of the Court and the Grand Vizier chiefly depended, made the fatal announcement that his troops would not serve against the people and that they were on the point of themselves taking refuge in the British Legation. The Court party yielded. The Sadrazam resigned, and the Azad-ul-Mulk, head of the Kajar tribe, proceeded to Kum in order to inform the refugee Mullahs that the Shah had granted their demands for a National Assembly and for Courts of Justice.

The chief difficulty which then confronted Mr. Grant Duff was that the people had entirely lost confidence in their own Government and declined to treat with them, except through the British Representative. When the Government made the announcement of the projected reforms, the people answered that they would not accept the promise of the Government unless it was confirmed and guaranteed by the Government of the King of England. This was naturally impossible. Acting under instructions, Mr. Grant Duff informed the refugees that he could do no more for them, and entirely declined to guarantee the execution of the Shah's Decrees. The Government then attempted to come to an arrangement direct. It failed. The popular leaders rejected the Shah's Decrees as vague or inadequate, and where posted up in the city, they were torn down and trampled on. In this extremity the Government again appealed to Mr. Grant Duff and begged him for his assistance. At his suggestion a meeting took place at the residence of the new Grand Vizier, the late Minister for Foreign Affairs, between the Government and the popular leaders. After a long discussion, at which Mr. Grant Duff took no part except when questioned, an agreement was arrived at, and an amended Rescript published, which definitely promised a National Representative Assembly with legislative powers. The Rescript was read out in the British Legation to the assembled refugees, and was received with enthusiasm. The same day the Mullahs consented to return from Kum, and the Legation premises were vacated. On the night of the 16th the Mujtehids returned amid the popular plaudits, and on the 18th a grand meeting was held in the Palace precincts as a sort of earnest of the National Assembly. The proceedings were opened by the Sheikh whose arrest had been the beginning of the struggle for freedom, who, standing on a raised platform, declared the Assembly in session. On the 19th a memorable meeting took place between the returned Mujtehids and the Shah. The Monarch was treated as an equal by the two chief priests, in the presence of a considerable concourse of Mullahs, and when His Majesty expressed his gracious wish that they "would continue to serve him," they replied, in the hearing of the bystanders, that they did not serve him, but themselves and the nation. But the Reactionary party had not lost hope, and the next week was spent in gradually paring down all the Shah's promises and in the production of a Rescript in which the original project of the Constitution was hardly recognizable. The late Grand Vizier, who had lingered in the neighbourhood, suddenly returned to his country seat near the Shah's residence, and the Shah absolutely refused to sign the Regulations for the Assembly.

The popular excitement was intense. Notice was served on Mr. Grant Duff that the people would again take refuge in the Legation, if necessary, by force. About twenty-five of the leaders actually did take up their quarters there. It seemed as if the disturbances were about to break out anew. Under these circumstances Mr. Grant Duff, in compliance with the instructions sent him from London, called on the Russian Minister and invited his co-operation in bringing the matter to the serious attention of the Persian Government. The Minister agreed to make representations, but demurred to any joint action. As he explained to his French colleague, joint action would have implied a position subordinate to that of the British Chargé d'Affaires. The result, however, of the separate action taken by the two Legations was that the late Sadrazam was ordered to proceed to Khorassan, and the Regulations for the Assembly were signed and published. The victory was now won, and it only remained to publish the Regulations throughout the Empire in order that the elections might be held at once. This most of the Governors refused to do, and, as a protest, the popular leaders at Tabreez, Resht, and Meshed threatened to take "bast" in the British Consulates. I had now arrived, and, acting in obedience to my instructions, I telegraphed to our Consuls to dissuade the leaders, if possible, from appealing to British officials in their differences with their own Government, and, at the same time, I made private and unofficial representations to the Persian Government. The movement gradually calmed down, and the provincial elections were held in comparative quiet. In the meanwhile, it had been decided, in order to avoid delay, that the Tehran Members of the Council should meet at once, without waiting for the provincial Delegates, and the first Session of the new Assembly was opened by the Shah himself, in the presence of the priests, the Court, and the Foreign Representatives. The Delegates at once set to work, and it soon became apparent that they did not intend to allow their will to be neglected. Their opposition made it impossible for the Government to accept the financial assistance offered jointly by Russia and England.

The Negotiations with Russia.

At the beginning of 1906 the finances of Persia were in a desperate condition. Including the floating debt, the liabilities of the Government were about 5,000,000*l.* or 6,000,000*l.* Of this 3,000,000*l.* had been borrowed from the Russian Government on the security of the customs. In the preceding year Russia had made a loan of about 100,000*l.* during the regency of the Valiahd and as a mark of personal regard. The English Government had offered to lend 150,000*l.* on certain conditions, which, however, were refused by the Persian Government, who asked for a loan of 800,000*l.* instead. On the 6th January, Sir C. Hardinge, on returning to Russia to take leave, had an important conversation with Count Lamsdorff in which he dwelt on the inconvenience which resulted from the two countries bidding against one another for the favours of Persia, and suggested a joint understanding. On the 8th February, I addressed a private letter to Count Lamsdorff, in which I informed him that His Majesty's Government had definitely refused to make a loan to the Persian Government, trusting that a similar course would be followed by the Russian Government; and that they were ready to entertain proposals for joint action with the Russian Government with a view to meeting the financial necessities of Persia. This letter Count Lamsdorff submitted to the Emperor, and he informed me, verbally, that His Majesty had received the communication with satisfaction.

A few days before, the Mushir-ul-Mulk, the Persian Minister at St. Petersburg and the son of the Minister for Foreign Affairs, was recalled to Tehran for the avowed purpose of negotiating a Russian loan. According to the confidential statement of his brother made to Mr. Grant Duff on the 7th February (one day before the date of my letter), Russia was prepared to grant a large loan to Persia, but on conditions which would practically put an end to her independence. This statement was subsequently confirmed to me personally from independent sources. The conditions were (according to these accounts) that Persia should place the conduct of her foreign relations under Russian guidance and grant no Concessions and make no Treaties without Russian knowledge and consent. About the same time it was stated in Tehran that the presence of M. Naus (then absent in Turkey) would be shortly required in St. Petersburg in connection with the loan negotiations. On the 16th February, Count Lamsdorff communicated to me a report which, no doubt, emanated from M. Grube, the Russian Financial Agent in Tehran, to the effect that

England was negotiating a loan, a report which was, of course, untrue. That gentleman immediately afterwards organized a run on the Imperial Bank, which proved a failure. On the 11th May, Sir Edward Grey informed the Russian Ambassador that he had heard rumours that Germany was negotiating a loan with Persia, and he suggested that, in order to preserve the *status quo*, a joint loan by Russia and Great Britain might be worth considering as a temporary expedient.

In the meantime, information was received to the effect that M. Naus had attempted to arrange for a loan in Belgium under the guarantee of Russia and secured on the Persian customs, but the negotiations appear to have fallen through.

On the 26th July, Sir A. Nicolson mentioned to M. Isvolsky, that it was rumoured that Persia was negotiating with Russia for a loan of 2,000,000*l*. M. Isvolsky replied that since he had been in office there had been no question of a loan to Persia. On the other hand, the evidence seems to me to be conclusive that, all through the summer, discussions were taking place in the Shah's presence as to the conditions under which a loan could be negotiated, and the Persian Government seems to have taken it for granted that the offer previously described remained good, and that, if the Persian Government accepted the proffered conditions, there would be no difficulty in obtaining the money. The Shah, however, steadily refused to accept conditions which he regarded as degrading. The explanation of this conflict of evidence may very probably be, that until the negotiations assumed a more definite form, the Russian Foreign Office, as on previous occasions (1900 and 1902) would have no cognizance of them.

At the end of July the situation suddenly changed. Until then the balance of power in Persia was fairly evenly divided between Russia and England, the advantage, however, being with Russia; but with the reform movement and the part played in it, however reluctantly, by the British Government, English influence became for the moment supreme. Russia had hitherto acted directly on the Shah and his advisers; but a new element had suddenly appeared, which had proved stronger than either, and by the necessities of the case, this element looked to liberal England and not autocratic Russia for sympathy and assistance. A prominent part in the popular agitation had been assumed by the party who maintained that the system of Russian loans was one of the main causes of the decline of Persia, and it was obviously out of the question that the popular party could ever be brought to acquiesce in a large loan from Russia under conditions which would impair Persian independence. On the other hand, it was not impossible that an application might be made to England with the consent of the people.

On the 1st August the Mushir-ed-Dowleh (who has always been regarded as a tool of Russia) became Prime Minister, and he signalized his accession to office (which he owed entirely to the action of the British Chargé d'Affaires) by handing over to Russia the control of the Meshed end of the Meshed-Seistan telegraph line.

At the same time, M. Naus openly declared that negotiations for a loan were in progress, and that he himself was proceeding to St. Petersburg in order to conduct them to a conclusion.

According to the accounts which have reached me from the sources above mentioned, the facts were as follows:—

During the tenure of office of the Ain-ed-Dowleh, the Persian Government, which was in sore straits for money, seriously considered the question of accepting the Russian offer made at the beginning of the year, but could not bring itself to accept the conditions offered.

When the Mushir-ed-Dowleh came into office, he expressed his readiness to consider the question of a Russian loan, but resolutely refused to consent to surrender the independence of the Persian Government. The Russian Government then proposed that M. Naus should proceed to St. Petersburg to "advise" the negotiators, a proposal which the Shah absolutely refused. It is quite possible that M. Grube, who had now arrived at St. Petersburg, where he was advising the Minister of Finance on Persian matters, suggested that the negotiations would be more likely to be successful if they were carried on by M. Naus and at St. Petersburg. It is also quite possible that the Foreign Office was not informed of these negotiations, which were of a tentative character, if they existed at all. Whatever the truth of this may be, the policy of Russia seems to have changed shortly after the change of the Persian Government.

On the 13th August the Russian Ambassador expressed the desire of his Government to arrive at a *modus vivendi* in Persia, and on the 31st M. Isvolsky stated that the

Persian Government had asked for a large loan, which the Russian Government had refused; that in January I had written a private letter to Count Lamsdorff suggesting joint action with regard to Persian finance; that this letter had, it is true, remained without a written answer, but that he wished to act in harmony with this "tacit agreement." To these proposals, which were, in fact, the same as those already made to His Majesty's Government, first in January and then in May, and which had hitherto remained unanswered, Sir E. Grey gave a favourable reply. His Majesty's Government was, he said, willing to discuss the question of making an advance in common if there was a danger of the money being lent from any other source. Mr. Grant Duff would be instructed to concert with his Russian colleague as to the exact sum required, and as to the best manner of securing that the money should be applied to objects of real necessity.

Thus an agreement was at last arrived at as to a joint loan, a proposal which had first been made by Lord Salisbury in 1899, and favourably entertained by the Russian Foreign Office, but defeated by the intervention of the Minister of Finance, who had accorded Persia a large advance without admitting England to participation. Russia agreed formally to the proposal, after having received from the British Government an assurance which was, at the time, of the greatest value. This was the promise (made on the 13th August), that His Majesty's Government would pursue in Persia a policy of non-interference, that they would accept the Valiahd as successor to the Shah (in spite of his notoriously Russian sympathies) and that, on my arrival at Tehran, I would try and arrange a limitation of the custom of taking "bast" and thus prevent the British Legation from becoming the head-quarters of the Reform party. It was indeed clear that if this policy were loyally carried into effect, it would be no longer possible for England to interfere directly in Persian politics, and that British relations with the new element which had arisen in Persia, and which threatened to become dominant, would immediately lose their intimate character, and cease to be a source of anxiety to Russia.

The truce of the 13th August was no doubt designed to put an end to the diplomatic war which had been waged throughout the year between England and Russia in Persia, and of which the principal features were as follows:—

The Russian Legation appears to have at first attributed little importance to the popular movement, but when it became formidable great efforts were made to win it over to the service of Russia. I learn from credible witnesses that considerable sums of money were offered by the Russian Bank on condition that the populists should send a brigade of "bastis" to the Russian Legation, where preparations were actually made to receive them. The attempt, however, was unsuccessful. As soon as the people had won the victory, Circulars were sent by the Russian Minister, of which the Legation has a copy, stating that the popular success was due to Russian intervention.

In South Persia an energetic Consul, with a large Cossack guard, was appointed at Bunder Abbas, where, as there is no Russian trade, his energies were confined to making himself disagreeable to his English colleague. In this he was ably seconded by the Belgian Customs official. The telegraph cable laid from Henjam to Bunder Abbas, and the whole question of the Henjam establishment, offered an excellent opportunity for raising difficulties. Latterly, the arrival of a Russian ship has given the Russian Consul a pretext for impeding the operations of the English officer who is in charge of quarantine arrangements. After correspondence with his chief he advised the Russian captain to refuse access to his ship. The matter was referred to the Sanitary Council at Tehran, who decided that the action of the Russian captain was contrary to international rules.

In the west and south Russia steadily pressed forward. An Agent has now been appointed at Burujird, and the road to Hamadan is practically finished. But the principal scene of Russian activity has been the east of Persia. Here has been concentrated the chief interest of the Anglo-Russian struggle. A considerable part of the eastern frontier of Persia is still undemarcated. Persia has ambitions based on history and tradition which impel her to move forward. On the other side of the border are half-barbarous tribes, always ready for a raid or a blood feud. It is obvious that with a little encouragement a conflict might break out at any moment, which would give an excellent pretext for interference. All along the eastern frontier from Pul-i-Katun to Seistan, Russia has now established a chain of Agents in various forms, under the names of quarantine officials, telegraph inspectors, operators, or Belgian Custom officials. The process by which she has gradually spread her influence, is, in general outline, as follows:—

1. When the Macmahon Mission had at last brought to a conclusion its work of arbitration, the Russian Legation at once and successfully, took measures to induce the Persians to refuse their assent. Russia thus gained the very useful position of protector of Persia against Anglo-Afghan intrigue. With rather startling frankness, M. Hartwig, at St. Petersburg, stated that the War Office objected to the award because it "would reduce the fertility and resources of Persian Seistan," a remark which gives a clue to the source of inspiration of Russian policy in East Persia.

2. The outbreak of plague in Seistan justified the Russian authorities in taking energetic measures for the protection of their own frontier. They pushed their quarantine cordons far into the south, and attempted through the Sanitary Council at Tehran to obtain control of the whole quarantine arrangements. The Indian Government, however, at once sent doctors to the spot and an elaborate plague service was organized. Owing mainly to the very indiscreet action of the Belgian officials, a riot took place, which seems to have been principally directed against the Belgians and the English. It was managed and organized by notorious Russian Agents who are still in Russian employ. The result of this riot was that the position and influence of the English Mission was for some time diminished and a very awkward question remained to be settled between the British Legation and the Persian Government.

3. Since the year 1901 the Russian Government has made determined efforts to obtain control of a telegraph line across the frontier to Seistan. The Persians had opposed an equally determined resistance, as they were perfectly aware of the results of allowing Russian Agents access to the disturbed frontier districts. But as the line was made by Russia, a prominent condition in the loan negotiations, and in the arrangements for the reception of the Shah at St. Petersburg, Persia was induced to yield. First, a line was constructed by Persia at the expense of Russia. Then a few telegraphists were admitted to the right of working on the line. Then the control and inspection of the line was handed over to Russia and Russian inspectors admitted throughout.

Finally, and as the last stage of the process, the Russian Legation obtained from the new Prime Minister, who was doubtless in hopes of thereby smoothing the way for a new loan, an order transferring the control of the Meshed end of the line to the Russian officials. This last measure took place at the very moment when the Russian Ambassador was proposing a *modus vivendi* in London. But a far more serious development took place later. According to the solemn statement of the Prime Minister, his order had reference only to the Meshed end of the line. But on the 20th September, that is, one month after the conclusion of the *modus vivendi* at the request of the Russian Government, a telegram arrived at Tehran, which had taken three days in transmission from Seistan, stating that the Russians had forcibly transferred the Seistan end of the line to their own office, after cutting the connection with the Persian office. Both ends of the lines were now in their hands, and it was within their power to cut telegraphic connection between Seistan and the rest of the world, as the Persian Government, at the instigation of Russia, has always refused to England the right to construct a line from Seistan to their own frontier, and thus make an alternative route.

Negotiations followed between England and Russia. Sir E. Grey expressed his regret that Russia should have altered the *status quo* in so signal a manner during the negotiations and after the proclamation of a truce. M. Isvolsky had never heard of the question. He was informed. He then expressed his astonishment at the importance attributed to the question, which was "merely a matter of technical detail connected with the introduction of better instruments," or an arrangement which "n'avait pour but qu'une distribution plus juste des heures de travail." In the meantime the Russian Minister at Tehran approached me directly with certain proposals which appeared to arrive here before they were communicated to the British Embassy at St. Petersburg, and which had for their object the laying of a separate wire, and the construction of new posts, for which purpose it was suggested that Russia should obtain a Concession for cutting trees in the neighbourhood. England, on the other hand, suggested that England should exchange her control over the Meshed-Tehran line for the Russian control over the Seistan line, so that Russia should have a line in the north and England in the east. To this proposal, however, Russia gave a negative answer, and, indeed, this is not to be wondered at; as to yield on this question would be to give up the fruits of determined efforts extending over four years, and costing an immense amount of pains and money.

In the meanwhile, negotiations were proceeding in St. Petersburg and London

as to the joint loan. The record of these negotiations belongs more properly to the province of the St. Petersburg Embassy; but a sketch of the general outlines, as viewed from Tehran, may perhaps, be useful. It was arranged in St. Petersburg that the details of the joint advance should be settled in Tehran by negotiations conducted on the spot. There was to be an immediate joint advance of 200,000*l.* to be followed by a similar advance at a later date. The security was to be, on the English side the customs of the ports of the Persian Gulf and South Persia; and this was a point to which England attached much importance, as the Persian Government had maintained that the guarantee of the previous English loans did not include the customs of the port of Mohammerah, or of those ports in South Persia which lay outside the Persian Gulf.

The British Ambassador communicated a written Memorandum in which the English claims were clearly laid down, and M. Isvolsky expressed his assent, though not in writing. No negotiations, properly so called, took place in Tehran as to the terms of the advance. The British Legation communicated in writing to M. Hartwig the terms under which England was prepared to make the advance, and some time afterwards M. Hartwig communicated the terms which had been fixed by the Russian Ministry of Finance. It is instructive to observe that these terms did not include the ports outside the Gulf as forming part of the British guarantee. It was accordingly arranged, with the approval of His Majesty's Government, that the security of each advance should be the same as that of preceding loans. In the original proposal of the Ministry of Finance the terms of the advance included interest at the rate of 9 per cent., and a clause making the loan repayable at two months' notice, or at the fixed date of the 4th March, 1907. It was obvious that such a condition would force the Persian Government to conclude a new loan before that date. The Persian Government objected, and the English Government interceded, with the result that the terms as communicated finally to the Persian Government provided for interest at the rate of 7 per cent., and for repayment at four months' notice. The Persian Government was to furnish a justification of the expenditure which was to be met by the advance, and this "justification" was to be submitted for the approval of the two Ministers, without which no payment was to be made.

The Persian Government raised objections to this condition, but finally yielded, but they asked that payment should in no case be demanded before the expiration of sixteen months. To this the Russian Government objected, but finally agreed to a clause by which payment could be demanded at the end of a year. It was agreed that the representatives of the two banks should meet the Sadrazam on the 4th November for the purpose of signing the Loan Contract, and that on the same day the Persian Government should communicate to the two Ministers the draft of the note specifying the purposes for which the advance was required. The representatives of the bank waited in vain for a notification from the Sadrazam, and the draft note was never communicated to the Legations. It appeared that the new Assembly had declared itself opposed to any form of foreign loan or to any pledging of the national revenues to foreign Governments. At first it was thought that this opposition was only temporary, but it soon appeared that it was of a serious and lasting character. The Finance Minister was summoned before the Chamber, and in vain pointed out that without a foreign loan it would be impossible to continue the business of Government. He was told, in reply, that the people themselves would find the money, and that a popular bank would be founded which would supply the Government with funds. Subscriptions were invited; sermons were preached in the mosques, calling on all patriotic Persians to contribute; and women, with tears, offered their jewels to the preacher, and deputations of schoolboys waited on the Assembly with their offerings. But in spite of this enthusiasm—which was real and heartfelt—subscriptions came in very slowly, and it became evident that the promises made by the Assembly would not be fulfilled. Under these circumstances, the Mushir-ed-Dowleh applied privately to the Russian Financial Agent, suggesting that a secret arrangement should be made for the advance of the money promised, whether or not the Assembly gave its permission. The Russian Finance Department seemed to regard this proposal with favour, but the Russian Minister and I were of the opinion that it would be a very dangerous step to take, as the responsibility would certainly be thrown by the Mushir-ed-Dowleh on the two Governments. Advantage was taken of this difficulty by the Russian Minister, who was no doubt prompted thereto by the Financial Agent, to suggest that the two Governments should withdraw their offer altogether. In the meantime, however, the Valiahd, who had

now become Regent, consented to the Constitution, which contained a clause forbidding the Government to conclude a foreign loan without the consent of the Assembly, and it seemed as if the danger of a demand for the money from the Persian Government without the consent of the Assembly was over. This is, however, by no means the case. The Assembly has refused to allow the Government to borrow money from abroad, and has at the same time failed to provide funds from its own resources. The Government requires money and, indeed, must have it. It is therefore now proposed that a certain delay is to be allowed the Assembly within which to provide the necessary funds. If the money is not then forthcoming, the Government will consider itself justified in applying for help to the two foreign Governments who have already offered their assistance.

If the Government applies for the advance under these circumstances and without the consent of the Assembly, England and Russia will be in an embarrassing situation, as the Assembly will, no doubt, take active steps to set on foot an agitation against the foreign money-lender. Their action would be rendered all the more effective by the fact that a foreign loan would be a clear breach of the new Constitution.

The Shah and the Royal Family.

In May the Shah had a paralytic stroke, from which, however, he partially recovered. As long as he was in the country and under the care of his own doctors he made very fair progress, although he was visibly nearing his end. But when he returned to town in the autumn the new Sadrazam called a council of physicians, and their conflicting advice resulted in a marked deterioration. The sick man was the centre of intrigue; he was much under the influence of the Minister of the Court—a convinced reactionary, and the partner of the Ain-ed-Dowleh—and also of his second son, the Shooa-es-Sultanch. The latter aimed at recovering the governorship of Shiraz, from which he had been driven by the popular discontent caused by his exactions. He managed to get himself appointed again, and started on the journey to the south. A warning letter from Mr. Grant Duff to the Grand Vizier resulted in his being summoned back to Tehran. Court politics centred for some time round the State property at Shiraz which the Shooa had become possessed of, and the small gang of corrupt persons who surrounded the Shah did everything in their power to make the government of Shiraz impossible until their demands were satisfied. Finally, the energetic Governor who had been appointed to succeed the Shooa was recalled, and the province remained practically without any government at all.

Another son of the Shah, the Salar-ed-Dowleh, was Governor of Luristan, where he employed a large number of Lur bandits to oppress the province, with the result that it was in a continual state of disorder. He was believed in Tehran to be meditating an attack on his elder brother, but his total want of organizing power and his great unpopularity rendered futile all his attempts to collect a disciplined force.

The Valiahd remained for the first part of the year at Tabreez. He was in fear of the conspiracy mentioned above, the object of which was to set the Shooa on the throne. Consequently, when the popular movement began, he encouraged it, for the principal object of the leaders appeared to be to get rid of the Ain-ed-Dowleh. One result was that his relations with the English greatly improved, and when the Ain-ed-Dowleh was finally expelled he expressed his gratitude and satisfaction to Mr. Wratislaw. But he did not by any means sympathize with the popular aspirations of the Tehran leaders, and refused to publish the Shah's Rescript containing the promise of a Representative Assembly. The result was a riot at Tabreez and a repetition of the Tehran incidents. A large crowd assembled in the Consulate garden and telegraphed their protests to Tehran. Finally the troops threatened to join, the Valiahd found himself deserted in his palace, and he appealed to Mr. Wratislaw for help. Things for a time looked very threatening, but finally he obtained the necessary assurances from Tehran and himself communicated them to the people, and solemnly swore allegiance to the new order of things. This appears to have left a great impression on his mind, and since that time he has been very careful to express his sympathy with the popular movement. When the Shah's malady became worse, and the German doctor who had now been called in, and who had first given a favourable account of his patient, announced that his condition was desperate, the Minister of the Court and the adherents of the Shooa-es-Sultanch despaired of success, and allowed the Shah to summon the Valiahd to Tehran, hoping, no doubt, to earn their pardon. The Valiahd came with a large escort, under the command of a Russian officer who had

been sent down for the purpose. The Russian Bank advanced the necessary sums, and arms had already been supplied from the Caucasus. No resistance was offered on the journey, and the Valiahd arrived in safety at the capital. He was met outside the gates by a deputation, who, in the name of the Assembly, asked him what was his attitude to the popular representatives. He addressed a letter to the Mujtehids, in which he expressed his sympathy with the people and his desire to see the new institutions flourish. This letter was read in the Assembly, where it produced a great effect, and since then he has been most careful to avoid giving any cause for doubting his good-will to the new order of things.

The Shah lingered on, and finally sank into a state of lethargy, from which he only revived at intervals. His medical attendants expressed their astonishment at his extraordinary vitality. His death was announced on several occasions. At last he consented to appoint his son Regent, and agreed, though with some demur, after a grave and earnest remonstrance from the Chief Mujtehids, to sign the Constitution. He finally expired on the 8th January.

The new Shah is a man of considerable ability. He has shown great tact in dealing with the very difficult situation which he has had to face this winter. He is credited with absolutist sympathies and with a strong predilection for Russia, which does not increase his popularity; but he appears to have made up his mind to identify himself for the moment with the popular and patriotic party and to play the part of the people's King. He will, no doubt, resent any attempt on the part of foreigners to assume a dictatorship over him; but unless he is strongly supported by the people, especially in the matter of finance, he will be forced, though no doubt much against his will, to lean on foreign help.

Turkey and Germany.

The relations of Persia during the year with Turkey have been of a very complicated character. On the one hand, the Turkish Ambassador, who is a man of very high character and possessed of great influence among the clergy, has been an important instrument in the spread of the ideas of Pan-Islamism. He has an influential ally in the famous preacher, Prince Sheikh-ul-Reis. On the other hand, the action of Turkey in ordering an aggressive movement against the Persian frontier districts has alarmed the Persian Government, who were inclined to appeal for help to Russia and England. The motive of this action on the part of Turkey is supposed here to have been a desire on the part of the Sultan to show the Persian Government, by an effective object lesson, that they have more to fear from him than to hope from the two Christian Powers. As soon as the lesson had been taken to heart the Sultan appears to have consented to an amicable arrangement. It is clear that Germany has not remained indifferent, but has used her influence to promote a settlement. At the same time an incident occurred at Kerbela which has resulted in bringing into relief the antagonism between the Sunnites and Shiites. An encounter took place between a number of poor Persians, in the neighbourhood of the British Vice-Consulate, and the Turkish troops who had been sent to disperse them. Great excitement was at first caused here by the news of what appeared to be an unprovoked massacre. But owing, it is supposed, to the action of the Sultan's Agents here, among whom may be counted the Mujtehids Seyed Abdullah, of Tehran, and Agha Nejefi, of Isfahan, the excitement seems to have died down.

The German Legation was at the beginning of the year apparently indifferent to Persian politics. But the Minister, Count Rex, while holding aloof from any form of practical interference, had a position of great personal influence, and was on very intimate terms with M. Naus. Count Rex was transferred to China, and Baron Riecht-hofen, son of the late Minister for Foreign Affairs, took charge of the Legation. He at once proceeded to adopt a meddling and aggressive policy, which at first was attended with some measure of success. He obtained a concession for a German bank and for a German school, as well as the appointment of a German doctor in the State hospital, which was placed under German management. He did his best to envenom relations between the English and the Persians and Russians, and in general followed an anti-English policy. He excited the personal dislike of M. Hartwig, who had known him at St. Petersburg, and he appears to have gone too far for his own Government.

M. Stemrich, German Consul-General at Constantinople, was appointed German Minister. He had been employed in drawing up the commercial reports required by

his Government in connection with the Bagdad Railway, and is regarded as a high authority on commercial matters in the Middle East. He is a quiet and cautious diplomatist, and has contented himself since his arrival with an attitude of observation.

The German Dresdener Bank will shortly send an agent here to study the financial condition of the country with a view to establish a branch in Persia.

With regard to the prospects of German enterprise here, it may be remarked that while there is no room for an ordinary commercial bank (for the commercial needs of the country are satisfied by the two foreign banks already established in Tehran), it would be quite possible for a German group to form an alliance with the popular leaders who are contemplating the establishment of a popular bank designed to carry on the financial business of the Government with the right of exploiting the resources of the country. By taking over the debts of the Government on current account to the two foreign banks, the German group could obtain a footing in Persia with a sufficient *fonds roulant*, in the form of the interest due from the Government, to carry on business. It would also share in the right granted to the popular bank for the exclusive exploitation of concessions.

The German Legation has the advantage of the sympathy of some of the most prominent leaders of the Assembly who have been educated in Germany. In the meanwhile the Hamburg line has established a steamship service to the Persian Gulf, which appears to be fairly successful.

There is an obvious opening for German enterprise here through the national and Pan-Islamic movements, and the alarm caused by the rumours of an understanding between Russia and England, which is regarded as threatening Persian independence. German action here has alarmed the Russian Government, and M. Hartwig appears to be very much opposed to a spread of German influence. He has served in South-Eastern Europe and in the Russian Foreign Office, and is much impressed by the experience which he has gained there as to German methods. It seems that some negotiations have passed between Germany and Russia, especially in connection with the Bagdad Railway. Russia appeared to have offered to withdraw her opposition if she were allowed to possess control over the branch from Bagdad to Kermanshah. M. Sternich has, I believe, criticized this proposal unfavourably from the commercial point of view. It is evident that if, as the German Government maintains, they desire to promote their trade in Persia, there will be a conflict between Russian and German interests, for the policy of Russia has for long been directed to the object of obtaining a monopoly for Russian trade and of discouraging that of her maritime rivals.

M. Naus.

A very important part is played in Persian politics by the Belgian Director of the Customs. The popular movement against him was so strong, that he was compelled to leave the country for a time. He was accused of corruption and extortion, of having amassed a large fortune by improper methods, and of having appointed an unnecessarily large number of Belgians with large salaries. An important cause of complaint against him was the fact that the natives employed were, as a rule, Armenians, and not Mahomedans. On his return, there was at first a cessation in the virulence of these attacks; but, as soon as the Assembly was constituted, they began again with renewed vigour. It is the fact that he has made a good deal of money here and that he is personally interested in the conclusion of a foreign loan. His assistance was asked for by Russia, but the Persian Government, who had become alarmed at the influence exercised by him, refused to intrust him with the task of negotiating on their behalf. He attempted to conclude a loan in Belgium, and is supposed to be on exceptionally good terms with the German Legation. He will probably do all in his power to induce the Persian Government to conclude a foreign loan, from which he will derive both power and profit. He is a good business man, and has great courage and organizing power. The Russians are convinced that his continuance in power is in their interest, as, without his assistance, the customs organization, on which the service of the foreign loans depends, will fall into confusion. He has recently received a very flattering letter from the new Shah, who has confirmed and extended his powers. He is, of course, bitterly opposed to the popular movement and to the Assembly, which is under the influence of his personal enemies. At the same time, if the National Bank is ever organized, he will probably offer his services, especially if foreign financial assistance is required.

The Assembly.

On the 7th October the Assembly was formally opened by the Shah in person. It consisted of the representatives of Tehran (sixty-four Members, elected by class representation). The provincial Members arrived one by one as they were elected, and as yet there are many vacant places, the provinces not showing much alacrity in electing their Members. The Assembly soon showed its power. It refused absolutely to consent to the Anglo-Russian advance, on the ground that the public revenues ought not to be pledged to foreigners. It announced its intention of instituting reforms, especially in the finances of the country, and of providing itself the necessary funds for carrying on the Government, by founding and endowing a National Bank. But before taking any step of this nature, it insisted on having a signed Constitution. A committee was nominated to consider the terms of the Constitution, and, in consultation with a committee named by the Government, a Constitution was drawn up and submitted to the Chamber. A scene of great confusion resulted, the people joining in. It was freely stated that the popular cause had been betrayed, and some of the more prominent Members resigned. The Mujtehids, however, interposed, and effected a reconciliation, and finally Government and Chamber came to an agreement. Owing, it was said, to the Valiahd's personal exertions, the Constitution was finally signed and read to the Assembly by the Prime Minister, amid a scene of great enthusiasm.

So far the Chamber, although it has proved its power, has not carried out any practical reform; nor has it been found possible to collect sufficient funds to establish the National Bank, so that it is by no means certain whether the country will really be able, as the Assembly maintains, to pay its way without foreign assistance. The prevalent tone at present is one of doubt and distrust, although the leaders still declare their conviction that the independence of the country, which of course depends largely on its financial solvency, can be saved. A marked anti-foreign feeling is now developing, and the Chamber is now engaged in attacking the Belgian Customs Administration, the Cossack brigade, and the various foreign concessions. The Imperial Bank will, no doubt, be soon the object of severe animadversions owing to its possession of the right of issuing paper money. It certainly looks as if the popular movement would result, for the time at least, in affecting for the worse the position of foreigners.

The British Government gave a pledge to the Russian Government that it would not interfere in the domestic affairs of Persia, and I was instructed to take measures to let it be known that the popular party could not count on the active intervention of Great Britain on their behalf. On the other hand, Russia gave no pledge that she would not exercise her influence with the Valiahd or support him against the people. In practice, however, the Russian Legation, whatever its sympathies might have been, has apparently used its influence in order to facilitate an amicable arrangement between the Valiahd and the Assembly; and until there is a notable weakening of the popular forces, this will probably continue to be the policy of M. Hartwig, although it is true the influence of the Russian Finance Department has once or twice made itself felt in a contrary sense. This is of course the natural result of the abstention of Great Britain from interference on the other side. At the same time the result of the withdrawal of our active sympathy and the rumoured Agreement with Russia has undoubtedly given rise to the popular conviction that England has now, in despair of the regeneration of Persia, given up the game and, seeing the patient's condition to be hopeless, has made her own arrangements to share in the inheritance. The result of this sentiment has been shown in the determined opposition to the Anglo-Russian advance, which is thought to be the first step in joint action directed to the subjugation of Persia. There is some reason to fear that if the new Shah fails to secure financial help from his own people he will set the Constitution at defiance and demand the help of England and Russia without waiting for the consent of the Assembly. In this policy he may receive the encouragement of the Russian Legation, which is credited with playing a waiting game and with the desire to undermine the popular movement, while pretending to support it. A joint advance without the consent of the Assembly will no doubt have far-reaching results in Persia and may be the signal of a popular outbreak. Rumours are already current in the Assembly and in the bazaars to this effect.

(Signed)

CECIL SPRING-RICE.

January 1907.

[5271]

No. 110.

Sir C. Spring-Rice to Sir Edward Grey.—(Received February 18.)

(No. 19. Confidential.)

Sir,

Tehran, January 29, 1907.

I HAVE the honour to acknowledge the receipt of your despatch No. 170 of the 6th November last with regard to the relations of the Persian Transport Company with the Mouin-ut-Tujjar on the Upper Karun.

I have spoken to the Minister for Foreign Affairs on the subject, and I have found him ready to assist to the best of his power. I will not cease to press the claim of Messrs. Lynch whenever a suitable opportunity offers, and a favourable result is probable.

At the same time I must repeat what I have already stated, namely, that there is a strong feeling in this country against foreign concessions, and that both the English and the Russians are the objects of continual attacks in the Mejlis and elsewhere in connection with legitimate enterprises on which they have embarked with the knowledge and consent of the Persian Government.

The Mouin is an influential member of the Mejlis, and although I am aware that his character for truthfulness and honesty may not stand higher than that of the generality of Persians, I should be glad to see arranged, if possible, the basis of a compromise between him and Messrs. Lynch. I inclose a Memorandum by Abbas Kuli Khan on the subject of his negotiations with certain Turkish subjects with regard to their steamer "Dijleh." I gather that he has had some difficulties with his fellow deputies on the subject, which he will find it somewhat difficult to overcome. I venture to add that the Mouin is the agent of several English firms, and that his business is, as I am informed, largely concerned with the importation of British goods, so that the increase of facilities for importation, even if they are in his hands and not those of an English Company, may be viewed with complacency by his English employers.

At the same time I am in communication with two of the Bakhtiari Khans, who are now in Tehran, on the subject of the Ahwaz-Ispahan road. It is unfortunately the case as is evident from Captain Lorimer's reports, that the relations between Messrs. Lynch and the Khans are bad, and in our Consul's opinion, are likely to become worse. Major Cox suggests that a British engineer officer should be appointed to take charge of the road, but I fear that such a measure would lead to endless friction, which would certainly not be diminished by the action which the Persian Government is likely to take in the matter.

I understand that Messrs. Lynch are in communication with M. van Roggen, the engineer of the proposed international Syndicate for the irrigation of the Karun Valley, and it is possible that the establishment, in co-operation with the Sheikh, of a well organized association for that purpose, with a considerable amount of foreign capital, may lead to a satisfactory result.

The Dutch Minister informs me that a German bank (the Dresdner Bank) is seriously considering the question of taking the matter up, and he is anxious that such intervention may be forestalled by the action of the English and Russian Legations. I am watching the progress of the negotiations, and M. de Sturler is keeping me informed. I will not fail to communicate to you, Sir, any further developments.

In the meantime, I think it well to bear in mind that the successful prosecution of enterprises in Persia must depend on the foreign Companies being able to conciliate local sentiment. This is an extremely difficult matter, in the present state of public feeling, and the difficulty is intensified by the passive, and sometimes active, resistance of the Persian Government itself. The experiences of the Russian Legation are even more disagreeable than our own, and the only way in which the Russians have been able to prosecute their enterprises here, is by an occasional resort to force which is facilitated by their imposing military position on the frontier, or by a lavish expenditure of public money, which I fear would be quite out of the question in a country like ours, when such expenditure must be sanctioned, after due inquiry, by the representatives of the nation.

Messrs. Lynch, however, may rest assured that this Legation will do all in its power to promote their interests, although it is only fair to them to warn them beforehand against attaching undue importance to the efficacy of diplomatic intervention. The Persian Government and people appreciate but two arguments—money and force—

and neither the one nor the other can be employed by this Legation without authority from His Majesty's Government. The German Legation may possibly be able, by arriving at an understanding with the leaders of the popular party, to obtain concessions in various parts of Persia. But the German concessionnaires will, in their turn, have to deal with the same difficulties as now confront the English and Russians, and which have already proved the ruin of the various Belgian enterprises which have been started in Persia with disastrous financial results.

I have, &c.
(Signed) CECIL SPRING-RICE.

Inclosure in No. 110.

Memorandum by Abbas Kuli Khan.

BY the instructions of His Majesty's Minister I called a few days ago on the Mouin-ut-Tujjar in connection with the despatch No. 170, from the Foreign Office of the 6th November last, with regard to the information received by the Persian Transport Company, respecting the Moin being in Treaty with certain Turkish subjects to run their steamer the "Dijleh" on the Upper Karun. The Mouin promised to write to me on the subject, and he has now sent me a note of which the following is a translation:—

"Last year when I was passing Bagdad some Persian subjects told me that they had bought a steamer to carry pilgrims to and from Samareh, but the Turkish authorities would not allow it, and that the steamer had been lying there uselessly for the last two years. They requested me to run her on the Upper Karun, and I consented to do so on the condition that no foreigners should have shares in the enterprise. They accepted this condition, but the Turkish authorities would not allow the steamer to be moved. Some time ago they (Persian subjects) again sounded me as to whether I was still willing to run the steamer if they could get the permission of the Turkish Government to move her, but I wrote to them saying that I was ready to do so, if she could be sold or leased to me, but, so far, I have received no reply."

(Signed) ABBAS KULI.

January 22, 1907.

[5273]

No. 111.

Sir C. Spring-Rice to Sir Edward Grey.—(Received February 18.)

(No. 21.)

Sir,

Tehran, January 27, 1907.

I HAVE the honour to transmit herewith a translation of the Persian Constitution which has been prepared by Mr. Churchill.

It provides for a National Assembly, composed of from 160 to 200 members, chosen by popular election, and of a Senate of sixty members, half of whom are elected and half nominated by the Government.

The Assembly is elected for two years, and the Shah, by a separate Rescript, has promised not to dissolve it before the expiration of its first term. After the first term it can be dissolved on a motion passed by two-thirds of the Senate and approved by the Shah.

The members take oath "so long as the rights of the Assembly are respected to be loyal to the Sovereign and the rights of the nation."

The Ministers, who are appointed by the Sovereign, can be summoned before the Assembly to give explanations as to their conduct of affairs, and are made responsible to the Assembly for any derogation of their powers, or infraction of the laws. They can address the Assembly on the invitation of the President, and have the right of proposing Bills in person.

The Assembly must give its consent before any concession is granted, or loan foreign or internal is concluded, and must be consulted as to any Treaty with a foreign Power, except such arrangements as, in the opinion of the Government, should be kept secret in the public interest. It has control of all financial matters, and must give its consent before the Budget is passed, or any new tax is instituted.

The Senate has concurrent legislative power, except in financial matters, on which, however, it appears to have the right of veto.

In case of disagreement between the two Houses, a joint Committee is appointed, and if an Agreement is not arrived at, the Senate can, by two-thirds majority, require the dissolution of the Assembly, provided that this does not take place more than once in the two years' term.

General powers of examination into the conduct of affairs by the Government, and of direct access to the Shah are provided for. The members are inviolable, and the proceedings are public, with certain reservations as to the proceedings of secret Committees.

Full liberty of reporting proceedings and of comment, provided this is not of a libellous character, is accorded to the press.

It will be seen that, if the Constitution is carried into effect, the Persian Government is now a limited monarchy, the Ministers, however, although responsible for their conduct to the Assembly, being nominated by the Sovereign, and not elected members. The powers of the Assembly include financial control, and no loan can be made by the Government without its consent.

I have, &c.
(Signed) CECIL SPRING-RICE.

Inclosure in No. 111.

The Persian Constitution.

In the name of God the all Merciful!

(Translation.)

WHEREAS by our Firman of the 5th August, 1906, we commanded the constitution of a National Assembly for the progress and welfare of the State and nation, the strengthening of the foundations of the kingdom, and the carrying out of the laws of Islam; and whereas, in accordance with the clause by which it is provided that, as each individual member of the State has a right to take part in the superintendence and decision of public affairs, we therefore have permitted the election and appointment of Deputies on behalf of the nation; and whereas the National Assembly has been opened through our gracious benevolence, we have decreed the following Articles of constitutional Regulations for the National Assembly, including the duties and business of the Assembly, and its limitations and relations towards Government Departments.

Concerning the Institution of the Assembly.

Article 1. The National Assembly has been instituted in accordance with the Imperial Firman of the 5th August, 1906.

Art. 2. The National Assembly is the representative of the whole Persian nation which shares in political and domestic affairs.

Art. 3. The National Assembly is composed of members elected at Tehran and in the provinces, and the place of their meeting is at Tehran.

Art. 4. The number of Deputies for Tehran and the provinces is at present, in accordance with a separate election Regulation, 160 persons, and if necessary may be increased to 200.

Art. 5. The Deputies are elected for two whole years, and this period begins from the day on which all the provincial Deputies assemble at Tehran. After the lapse of two years, Deputies must be again elected, and the people are at liberty to re-elect members if they are pleased with them.

Art. 6. The Tehran Deputies had the option of instituting the Assembly and starting discussion and debates. Their decisions by majority during the absence of the provincial Deputies will be valid, and are to be carried out.

Art. 7. When debates are started at least two-thirds of the members must be present, and when questions are put to the vote three-quarters of the members must be present. A majority is obtained when more than half of the members present give their votes.

Art. 8. The time of recess and of sitting of the National Assembly is to be fixed by the Assembly itself, according to the internal Regulations. After the summer

recess the Assembly must again sit and begin its labours on the 8th October, which is the date of the celebration of the opening of the Assembly.

Art. 9. The National Assembly may convene extraordinary sittings during the recess.

Art. 10. When the Assembly opens, an address must be submitted to His Imperial Majesty in reply to a Speech from the Throne.

Art. 11. As soon as members of the National Assembly join they must take the following oath and sign it:—

The Oath.

"We who have signed below, invite God to be our witness, and we take oath by the Koran that, so long as the rights of the Assembly and the members of the Assembly are protected and carried out in accordance with these Regulations, we will carry out the duties intrusted to us, as well as possible, with the greatest sincerity and straightforwardness, and to our best ability, and we will be true and truthful to our just Sovereign, and will not be traitors to the foundations of Sovereignty or the rights of the nation, and we will have no other object but the advantage and the interests of the Government and nation of Persia."

Art. 12. No person will, by any excuse whatever, have the right to proceed against any member of the Assembly. Should by chance one of the members be guilty of a public offence or crime, and should he be caught in the act of committing the offence, the carrying out of punishment must still be with the knowledge of the Assembly.

Art. 13. In order that the result of the discussions of the National Assembly should be carried out, their proceedings must be public. Newspaper reporters and the public have the right to be present and to hear, in accordance with the internal Regulations, but without the right of speaking. The newspapers may print all the debates of the Assembly without altering their meaning, so that the public should be aware of all their proceedings, and any one who has suggestions to make should be able to do so in the papers, and so that no matter should be hidden from any one. Therefore all newspapers, so long as their publications are not contrary to any of the Articles of the constitution of the nation or State, are empowered to print matters of public utility as well as the debates of the Assembly, and the observations of the people on those debates. Should any one publish an untrue report of the debates with personal motives, or make a libel, he will be liable to an inquiry, proceedings, and punishment.

Art. 14. The National Assembly, in accordance with a separate Regulation entitled the internal Regulation, will regulate its own personal affairs, such as the election of a President, a Vice-President, Secretaries, and other members, as well as the debates, &c.

Respecting the Duties of the Assembly, its Limitations and Rights.

Art. 15. The National Assembly has the right to discuss truthfully and sincerely all matters it considers to be desirable in the interests of the State and nation to investigate; and, subject to the approval of a majority, to submit them, in the enjoyment of the utmost safety and confidence, with the approval of the Senate, to His Imperial Majesty the Shah, through the first person of the Government, for His Majesty's signature, and to be then put into execution.

Art. 16. In general all laws necessary for the strengthening of the Government and kingdom, and the regulation of State affairs, and for the constitution of Ministries, must receive the sanction of the National Assembly.

Art. 17. The necessary Bills for making new laws, or for the alteration, amplification, or cancellation of existing laws, will, when desirable, be prepared by the National Assembly to be submitted to His Imperial Majesty the Shah for signature with the approval of the Senate, and to be then put into execution.

Art. 18. The regulation of financial matters, the modification of the Budget, the alteration of the arrangement of taxation, the refusal or acceptance of impositions, as well as the inspections which will be undertaken by the Government, will be done with the approval of the Assembly.

Art. 19. The Assembly will have the right, for the purpose of reforming financial matters and facilitating the relations of the Governors and the apportioning of the

provinces of Persia, and the reappointment of Governors, after the Senate has given its approval, to demand from the Government authorities that the decision arrived at should be carried out.

Art. 20. The Budget of each Ministry must be finished for the succeeding year in the last half of each year, and must be ready fifteen days before the 20th March.

Art. 21. Should it be necessary with regard to the constitutional laws of the Ministries to make a new law, or to alter or cancel existing laws, it will be done with the consent of the National Assembly, whether its necessity be first pointed out by the Assembly or by the responsible Minister.

Art. 22. Whenever a part of the revenue or property of the Government or State is to be sold, or a change of frontier or border becomes necessary, it will be done with the approval of the National Assembly.

Art. 23. Without the approval of the National Assembly no concession whatever for the formation of Companies or Associations shall be granted by the Government.

Art. 24. Treaties, Conventions, the granting of concessions, monopolies, either commercial, industrial, or agricultural, whether the other party be a native or a foreigner, can only be done with the approval of the National Assembly. Treaties which it may be in the interests of the Government or nation to keep secret are excepted.

Art. 25. All Government loans of any nature whatsoever, whether internal or foreign, will be made with the knowledge and approval of the National Assembly.

Art. 26. The construction of railways or roads, whether the cost be defrayed by the Government, by Associations or Companies, whether native or foreign, can only be undertaken with the approval of the National Assembly.

Art. 27. Should the Assembly find in any place a fault in the laws or an irregularity in their fulfilment, it will draw the attention of the responsible Minister to the same, and he will have to give the necessary explanations.

Art. 28. Should a Minister, in contravention of one of the laws which have received the Imperial sanction, by misrepresentations obtain the issue of a written or verbal order from His Imperial Majesty the Shah, and excuse himself thereby for his delay and negligence, he will by law be responsible to His Imperial Majesty the Shah.

Art. 29. Whichever Minister who in a matter of matters should not be able to answer for his actions in accordance with the laws approved by His Imperial Majesty, and if it should be apparent that he has broken the law and transgressed the stipulated limitations, the Assembly will petition His Imperial Majesty for his dismissal, and when his fault has been determined by the Courts of Justice he will not again be allowed to serve the Government.

Art. 30. The National Assembly has the right whenever it considers it desirable to make petitions direct to His Imperial Majesty by the means of a body composed of the President and six members elected by the six classes. The time for the audience must be arranged for through the Minister of Court.

Art. 31. The Ministers have the right to be present at the sittings of the National Assembly and to sit in the place set apart for them, and to hear the debates of the Assembly; and should they think it necessary they may ask the President for permission to speak and give the necessary explanations for the discussion and investigation of affairs.

Respecting the Statement of Affairs to the National Assembly.

Art. 32. Any individual member of the public may make a statement of his case, or complaints or criticisms, to the office of the Assembly, and if the matter concerns the Assembly itself, a satisfying answer will be given to him; but should the matter concern one of the Ministries, it will be sent to that Ministry for investigation, and in order that a satisfying answer be given.

Art. 33. New laws which are necessary will be prepared at the responsible, Ministries, and will be given to the National Assembly by the responsible Minister or by the Sadr Azam, and after receiving the approval of the Assembly will receive His Imperial Majesty's sign-manual and be put into execution.

Art. 34. The President of the Assembly can, if necessary, of his own initiative or by the desire of ten members of the Assembly, or of a Minister, form a Secret Committee, without the presence of newspaper reporters or spectators, composed of a number of persons chosen from among the members of the Assembly, at which the other members of the Assembly will not have the right to attend. The result of the deliberations of the Secret Committee can, however, only be put into execution when

the Secret Committee in the presence of three quarters of the persons elected accept the point at issue by a majority of votes, and if the matter be not passed by the Secret Committee it will not be stated in the Assembly, and will remain secret.

Art. 35. Should the Secret Committee be instituted by the President of the Assembly, he has the right to inform the public of any part of it he thinks fit, but if the Secret Committee is instituted by a Minister the publication of the debate can only be subject to that Minister's permission.

Art. 36. Any one of the Ministers may withdraw at any stage of its progress any matter put before the Assembly by him, excepting when his statement is called forth by the initiative of the Assembly, in which case the withdrawal of the subject must be subject to the agreement of the Assembly.

Art. 37. Should the Bill of any Minister not be passed it will be returned with the observations of the Assembly. The responsible Minister can, after refusing or accepting the criticisms of the Assembly, again send it to the Assembly a second time.

Art. 38. The members of the National Assembly must definitely and explicitly either refuse or accept the points at issue, and no one will have the right to influence them in giving their decisions. A refusal or acceptance on the part of members of the Assembly must be made in such a manner that the newspaper reporters and spectators may be able to observe it—that is to say, their decision must be made by visible signs, such as blue and white cards, or the like.

The Statement of Matters on the Part of the Assembly.

Art. 39. Whenever a case is brought up by a member of the Assembly it will only be subject to debate when at least fifteen members of the Assembly approve of its discussion, in which case the matter in point will be submitted in writing to the President, who has the right to give it to the Committee of Investigation.

Art. 40. At the time of debate and inquiry into a matter, as above stated in Article 39, whether by the Assembly or by the Committee of Investigation, should the matter have reference to one of the responsible Ministries, the Assembly must notify the responsible Minister, so that if possible he should attend in person or send his representative in order that the discussion should take place in the presence of the Minister or his representative. A copy of the statement and its appendices must be sent beforehand from ten days to a month, with the exception of urgent matters, to the responsible Minister. The day on which the debate will take place must likewise be previously determined. After an investigation of the case in the presence of the responsible Minister, in the event of the Assembly approving by a majority of votes, the statement will be formally written and delivered to the responsible Minister in order that he should take the consequential step.

Art. 41. In case a responsible Minister on grounds of expediency is not in accord with the Assembly in a matter raised by it, he must adduce his proofs and convince the Assembly.

Art. 42. In any case concerning which the National Assembly desires explanations from a responsible Minister, the latter is obliged to supply an answer, and this answer must not, without an excuse, be delayed beyond a reasonable time, with the exception of secret matters, the secrecy of which for a stipulated period is desirable in the interests of the Government and nation, but after the expiration of the stipulated time the responsible Minister is obliged to state the circumstances of the case to the Assembly.

Respecting the Conditions of the Institution of the Senate.

Art. 43. Another Assembly, called the Senate, will be constituted, composed of sixty members, whose sittings will coincide, after its constitution, with those of the National Assembly.

Art. 44. The Regulations of the Senate must receive the approval of the National Assembly.

Art. 45. The members of the Assembly will be chosen from among the enlightened, intelligent, orthodox, and respectable persons of the State, thirty persons on behalf of His Imperial Majesty, of whom fifteen from among the inhabitants of Tehran and fifteen from the inhabitants of the provinces; and thirty persons on

behalf of the nation, of whom fifteen persons elected by the people of Tehran, and fifteen persons elected by the people of the provinces.

Art. 46. After the constitution of the Senate all affairs must receive the approval of both Assemblies. If those affairs are initiated by the Senate or by the body of Ministers, they must first be determined in the Senate and passed by a majority, and then be sent to the National Assembly for approval; but affairs initiated in the National Assembly will, on the contrary, pass from that Assembly to the Senate, with the exception of financial matters, which will be the prerogative of the National Assembly, and the Senate will be informed of the arrangements made by the Assembly regarding these affairs in order that the Senate should make its observations on the same to the National Assembly, which is, however, at liberty, after the necessary investigations, either to accept or to refuse the proposals of the Senate.

Art. 47. So long as the Senate is not constituted affairs will require only the approval of the National Assembly and the sign-manual of His Imperial Majesty to be put into execution.

Art. 48. Whenever a question initiated by a Minister is, after having been passed by the Senate, referred to the National Assembly and not accepted, and in the event of the matter being an important one, a third Assembly, composed of an equal number of members of both Assemblies elected by each, will be constituted to inquire into the subject at issue. The result of the deliberations of this Assembly will be read to the National Assembly. If an understanding is come to so much the better; but if not, a report of the matter will be submitted to His Imperial Majesty the Shah. Should His Imperial Majesty confirm the decision of the National Assembly, it will be put into execution; but should His Imperial Majesty not confirm it, His Imperial Majesty will command that the question should be debated and investigated afresh, and if still a settlement is not arrived at, and if the Senate by a majority of two-thirds vote for the dissolution of the National Assembly, and if the body of Ministers separately recommend the dissolution of the National Assembly, His Imperial Majesty the Shah's Rescript dissolving the National Assembly will be issued, and His Imperial Majesty will in the same Rescript command that fresh elections should take place, and the people will have the right to elect the former Deputies.

Art. 49. The new Tehran Deputies must be ready within one month and the provincial Deputies within three months, and as soon as the Tehran Deputies are ready the Assembly will open and commence its labours, but they will not discuss the points at issue until the provincial Deputies arrive. But when all the members are present and a full majority vote as in the same sense as before, His Imperial Majesty will approve the decision of the National Assembly and will command that it be put into execution.

Art. 50. During each term of election—that is to say, during two years—a general election will not be called more than once.

Art. 51. It is decreed that the Sovereign who succeeds us should protect these limitations and Articles, which aim at the strengthening of the State and of the foundations of the kingdom, and the protection of justice and contentment of the nation, which we have decreed and put into execution, and which they must look upon as their duty to fulfil.

In the month of Zilkade the unclear, 1324.

O God the Almighty!

The Constitutional Laws of the National Assembly and the Senate, containing 51 Articles, are correct.

14th of the month of Zilkade, 1324 (December 30, 1906).

In the handwriting of Muzaffer-ed-Deen Shah:

It is correct.

(Sealed)
(Sealed)

Valiahd (Mohammed Ali Shah).
Mushir-ed-Dowleh (the Grand Vizier).

[5274]

No. 112.

Sir C. Spring-Rice to Sir Edward Grey.—(Received February 18.)

(No. 22.)
Sir,

Tehran, January 30, 1907.

AS I had the honour to inform you by telegraph, the Shah died at 10.30 P.M. on the 8th instant. No disorders took place in the city, as His Majesty had been for some time in a hopeless condition, and the Regency had been assumed by his son. The next day the body was removed to the Court Theatre, where the Persian passion plays are performed in Moharrem, and was there deposited pending removal to its permanent resting place. The last wishes of the Shah were that his body should be buried not in Persia but in Kerbela, but this wish meets with much opposition on account of the popularity of the "father of Persian liberties," and the inordinate expense of the removal.

On the 10th instant the Diplomatic Body attended at the Palace to express to the Grand Vizier the condolences of their respective Governments. On the 13th we were invited, in uniform, to congratulate the new Shah on his accession, and to pay our respects to his late Majesty. We were received in a small apartment decorated with the pictures of various foreign Sovereigns. The accommodation was small, and the Diplomatic Body was compressed into the smallest possible compass. His Majesty appeared, and was greeted by the Turkish Ambassador with an address of congratulation, which was, as appeared, rather coldly received. A Chamberlain then pointed out the various heads of Missions, each of whom was saluted by His Majesty by a slight nod. His Majesty then departed.

The Russian Minister and I had intended to avail ourselves of this occasion for making a joint communication of our Sovereigns' congratulations on the appointment of his second son as Valiahd. Under the circumstances it was unfortunately impossible to carry out this design.

We then proceeded to the theatre, in which his late Majesty was temporarily interred. It had been intended to present a wreath, but the Russian Minister had opposed this as contrary to Mussulman feeling. As we approached the catafalque, empty-handed, we observed that it was covered with flowers, and that an official was evidently waiting to receive our offering. After a moment's delay the Turkish Ambassador offered a prayer, the Christian Representatives standing behind him, and the Diplomatic Body then made its departure. I desire to put it on record, for the information of future Ministers, that on similar melancholy occasions it will be wise to follow Sir M. Durand's precedent, and to present a wreath.

The coronation of the new Shah, who assumes the crown under the title of Mohammed Ali Shah, took place on the 20th.

The Diplomatic Body was invited to take part, although I understand this was against the first intentions of the Government. The Persian Ministers and the Diplomats were ranged on either side of the room, at the end of which was the throne, misnamed the peacock throne of Delhi. The veritable peacock throne, or what remains of it, was placed on one side of the room and was not occupied. The splendour of the jewels which decorated it excited universal remark. Round the throne, or rather raised bed, which the Shah was to ascend, were ranged the Princes of the blood, standing (including the Shoa-es-Sultaneh, who has been generally accused during the last year of plotting for his brother's removal), and the chief Mujtehed, sitting on the ground. It had been explained to the heads of Missions, who had concurred, that on such an occasion the highest honours should be accorded to the representatives of the clergy.

The Shah entered and walked up the room accompanied by the Sadr Azam and grand officers of the Court. His son, the heir, a little boy of 12, took his place at the steps of the throne, which His Majesty ascended with some difficulty, as the steps are very lofty and His Majesty is not a tall Sovereign. The Mujtehed then rose to their feet and, in the name of "the All-merciful and All-bountiful," hailed him as Shah of Persia. The Sadr Azam then ascended the steps, and after one ineffectual attempt, placed on his head the enormous crown, shaped like a melon, and adorned by the spoils won by Nadir Shah from India, with which his father had been crowned. It was observed that its great weight and size were of considerable inconvenience to His Majesty, who was obliged to support it with his hands. It was then removed, and its place was taken by an ordinary Persian hat, adorned, however, with the famous aigrette which is now so familiar in Europe, and which Nadir Shah obtained from the Emperor of Delhi by an exchange of head gear.

[1717]

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The Court Herald and the Court Poet then advanced, and in turn presented their homage, the former saluting him in the name of his ancestors whom he enumerated, with their respective titles. A crowd of Ministers and courtiers then pressed forward, and the throne was surrounded by Princes, priests, and others, who all presented their congratulations at once, which the Shah, sitting cross-legged above them, graciously acknowledged.

The Shah then descended the throne and addressed himself one by one to the foreign Representatives. The Russian Minister and I then seized the opportunity of conveying to His Majesty the felicitations of our Sovereigns on the nomination of Sultan Ahmed Mirza as Valiahd. His Majesty did not appear to pay much attention, and we both had some difficulty in finishing the speeches, previously prepared, to which His Majesty listened with impatience. He told me, however, with evident satisfaction that he had that morning received a personal telegram from the King. He then left the apartment.

The next day the public "salaam" took place in the Palace. The minor officials of the Empire were admitted to the garden, and after some delay the Shah appeared, preceded by the famous jewelled shield, and took his seat cross-legged on the marble throne, which is on the first story of the Palace, in an open window, and visible from below. There he smoked a kalia before the assembled people, and listened to a complimentary ode of the Court Poet. After a few minutes' delay he retired to his inner apartments. On this occasion gold coins, struck for the occasion, were presented to certain persons, including some of the foreign ladies.

On the 25th took place the ceremony of the killing of the sacrificial camel, after which the Shah in the presence of his Court solemnly acknowledged his second son as Valiahd.

Some remarks have been made in the Assembly on the subject of these ceremonies. Representatives of the Assembly were not asked to be present at the coronation, though a deputation of six were invited to witness the proclamation of the Valiahd. It was asked whether the Shah had sworn to the Constitution. After some delay, one of the Mujtehedes observed that, "We crowned His Majesty with the crown of the Constitution."

I have, &c.
(Signed) CECIL SPRING-RICE.

[5275]

No. 113.

Sir C. Spring-Rice to Sir Edward Grey.—(Received February 18.)

(No. 23.)

Sir,

Tehran, January 30, 1907.

IN continuation of my despatch No. 4 of the 3rd instant, on the subject of the joint advance to the Persian Government, I have the honour to inform you that the popular opposition to an Anglo-Russian loan still continues.

On the other hand, although lavish promises of pecuniary support have been made to the Government, the money is not forthcoming. Discussions are still proceeding in the Assembly as to the constitution of a National Bank. It was at one time proposed that a French Director should be appointed, but it was thought that a neutral Power would be a wiser choice, and I believe a native of Switzerland will be asked to take charge of the Bank if it is ever formed. The Government has informed the Members of the Assembly that the present state of affairs cannot continue indefinitely, and that if the Medjliss does not provide the money itself it must allow the Government to borrow from abroad. It is even proposed to fix a time limit after which the Government will apply to the Powers for the advance, with or without the consent of the Medjliss.

The Prime Minister spoke to me on the subject recently. I informed him that I had no instructions on the subject, but that he must clearly understand that if he made a demand of this nature he must make it publicly and in writing, and that I had every intention of publishing the fact of his making it. I reminded him that he had himself read to the Assembly the Constitution signed by the Shah, which bound the Government not to make a loan without the consent of the Medjliss; and that if, after making this solemn declaration, he was himself to break it, in the most public and evident manner, within the month, he would have himself to thank if he became the object of popular dislike, or suffered in property or limb. Neither the Russian Minister nor I, I said, had the smallest intention of sharing the responsibility with him or the Govern-

ment; and I added that I did not believe the Shah had either, as he was now a "limited Monarch," and his Ministers, not he, were by law responsible.

The Mushir-ed-Dowleh listened with interest, and, of course, according to his habit, agreed with my remarks. He has not since spoken to me on the subject, nor have I spoken to the Russian Minister, as, if I did, he would very probably renew his proposal for the withdrawal of our joint advance—the only visible sign of the agreement of the two Governments. I therefore propose to do nothing in the matter, but, in case it becomes necessary, to telegraph for instructions. I have the honour to add a few remarks on the question at issue.

If the Government asks for the advance without the consent of the Assembly the latter will formally protest, and there will undoubtedly be some popular agitation directed against the two Governments. I am unable to judge whether His Majesty's Government could count on the sanction of the British Parliament to an advance made in direct contravention of all Parliamentary principles; but a certain section of the Russian Government would probably have no objections on that score, and would be glad of the opportunity of escaping honourably from the bonds of our joint compact, and of openly espousing the cause of their protégé the Shah.

It would therefore seem desirable to avoid raising the question as long as possible, but, if it is raised, to suggest a consultation between the two Governments before it is definitely decided to grant the advance without the consent of the Assembly.

I am inclined to doubt whether, after due consideration, the Russian Government will care to publicly take the sole responsibility of combating the popular cause. I therefore propose, if a demand is made to me for the advance, without the consent of the Medjliss, to refuse to consent without your authority, and to inform my Russian colleague that the matter will no doubt be settled directly between our two Governments.

I have, &c.
(Signed) CECIL SPRING-RICE.

[5276]

No. 114.

Sir C. Spring-Rice to Sir Edward Grey.—(Received February 18.)

(No. 24.)

Sir,

Tehran, January 30, 1907.

A SUMMARY prepared by Mr. Churchill of the proceedings of the popular Assembly is transmitted herewith.

As I have already had the honour of observing, a good understanding between the Shah and the popular party would provide a solution of the Persian question, and would, if resulting in the reorganization of the country from within, render unnecessary and superfluous the joint pressure from without for that purpose, which a year ago seemed the most feasible method of avoiding a conflict between the interested Powers.

I regret to state that the prospects of such an understanding are still remote. The *entourage* of the Shah, especially his father-in-law, the Naib-es-Sultaneh, is personally interested in the continuance of the existing abuses; and their influence has certainly made itself felt to a regrettable extent, and has led to increasing agitation against the Shah himself.

On the other hand the action of the popular Assembly has not been such as to lead to conciliation. The members seem bent on raising every sort of difficulty, and they do not appear to desire to lighten the task of the Government, or provide funds for carrying on their administration of the country. The Government, on its side, adopts a hostile or reserved attitude towards the Assembly, and in consequence the relations between the two parties have steadily become worse.

The information which reaches me is conflicting. The older men, who have long been connected with the Government, maintain that a conflict is inevitable, and that the Shah, if he does not succeed in breaking up the "Medjliss" by intrigue and bribery, will destroy it by force. Members of the Parliamentary party assure me that an attempt on the State's part to overthrow the Assembly will result in a general strike, and in all probability in serious disorders. They do not, however, believe that the troops will take an active part against the people, if led, as is probable, by the chief religious authorities. There is no doubt that there is some agitation in the bazaars, and a pronounced anti-dynastic and revolutionary movement in some parts of the country, especially Tabreez and Resht. Local assemblies have been organized in the chief capitals which are giving

the Government a good deal of anxiety, for they appear to aim at a sort of local autonomy, and the Governors are powerless to deal with them.

On the other hand, I am assured by persons who are better able to judge the situation than I am, that the Shah is determined to come to terms with the popular party, and that the popular leaders are in constant communication with him. The chief popular preacher is certainly often invited to the Palace, and preaches before His Majesty.

The alternatives which are now before us appear to be:—

1. An agreement between Shah and people resulting in practical reforms.
2. A conflict.

In the latter case, it is of course possible that the Shah will invoke the aid of Russia. I do not believe he will resort, except in case of actual necessity, to a course of action which would be fatal to his popularity and eventually to his independence, nor do I believe that the Russian Government (at least M. Hartwig) desires such an eventuality. Among other reasons, it would cost a great deal of money and impair Russian credit abroad; and there is every reason to believe that Russia will abstain from active interference in Persia as long as the fear exists that England will in that case take measures to safeguard her interests in the south, for there is no object in obtaining possession of one end of a road if the other is immediately occupied by some one else.

I have been approached on several occasions on behalf of the popular party. I have replied that the salvation of Persia depends on co-operation between the Shah and people; that "I will do everything in my power to promote this, but that His Majesty's Government is resolved not to interfere actively. If a deputation is sent to this Legation I will forward their Petition to the Government if a similar step is taken by my colleagues. If the new Persian Government is better than the last, it will find us a good friend; but we can only help those who help themselves. We are prepared to do all in our power to secure fair play and to help the independence of Persia, if she shows herself worthy of independence, but we cannot allow her to seek support with us if she is unable to support herself."

I believe that this point of view is now understood, and that it enables the Russian Legation to impress on the Russian Government the necessity of adopting a similar attitude of neutrality. From what I hear, I believe that the Russian Minister is advising prudence; that the Russian Bank allows the Shah small doles of money mainly for the maintenance of the Cossack brigade, but that, apart from this, there is no sign of Russian interference.

I have already called your attention to the growth of an anti-foreign feeling which is especially noticeable in the "Medjliss." This takes the form of a strongly-developed fear of both England and Russia, and especially of the two combined. Any accentuation of this combination, or any overt sign of co-operation is regarded as aimed directly at the independence of Persia; and I need not point out that there are two Powers to whom in time of stress the Persian people are likely to turn—namely, Germany, whose financial assistance is supposed to be free of aggressive intentions; and the Sultan of Turkey, whose agents are continually impressing on the Persian people that the safety of all Mussulmans lies with him. Although it is true for the moment, the effects of the Kerbela incident have much weakened the force of these arguments.

To sum up the situation as it now appears. The most desirable solution is reform; not from without, but from within. If this is impossible, and there is a conflict, there is a fair chance that an insistence by England on a policy of neutrality, as well as the conviction that if Russia acts in the north England will have to act in the south, will deter the forward party in Russia from using the undoubted opportunities of aggression which she possesses in northern Persia. On the other hand, the active co-operation between the two Powers, or the surrender of her interest in Persia by England to Russia, is likely to lead to a popular sentiment from which Germany and Turkey may be the chief gainers.

I have, &c.
(Signed) CECIL SPRING-RICE.

Inclosure in No. 114.

Summary of Proceedings of Persian National Assembly, January 3 to 29, 1907.

Thursday, January 3.—Two members for Isfahan took their places, and one for Resht. A proposal was made that in future there should only be one sitting a week, but was negatived without a vote. The President suggested that a Committee should be elected to inquire into financial matters and to attend to the numerous Petitions submitted to the Assembly. He was strongly opposed by the Mujtehed Seyed Mohammed, and eventually dropped the subject.

Saturday, January 5.—A special morning sitting was held from 10 A.M. until 1 P.M. Financial questions were discussed and proposals made with a view to obtaining effective control in pursuance of the Constitution.

Sunday, January 6.—The sitting was remarkable on account of Saad-ed-Dowleh's violent attack on M. Naus, and for a remarkable speech he delivered, in which he exposed some of the most glaring scandals in various Persian Government Departments. He accused the Ain-ed-Dowleh of having purchased obsolete arms in France for the Government which China had refused. A letter was written to the Minister of Finance inviting his presence at a subsequent sitting.

Tuesday, January 8.—Saad-ed-Dowleh resumed his attack on M. Naus, and criticized the postal administration. One of his supporters offered to prove that fraudulent transactions were going on, and this gave rise to considerable excitement. The President was obliged on several occasions to use the authority of the chair in order to quell the uproar, in which the spectators joined. The Minister of Finance was expected, and the excuse of the Government for his non-appearance greatly irritated some of the members.

The Shah died at 10.45 P.M. that night. A short sitting was held on the 10th to discuss the drafting of an Address to the new Shah, but the general sittings were suspended until—

Tuesday, January 15.—Proceedings began as usual at 3 P.M., and a paper was read enumerating some acts of oppression committed by the Governor of Khorassan, which aroused much indignation. A letter was written to the Government asking for the presence of the Minister of the Interior to give explanations. The two Mujteheds delivered what appeared to be a message from Mohammed Ali Shah with respect to the local assembly at Tabreez, which gave the Government trouble by interfering in the administrative affairs of that province. The Assembly was, however, in no mood to listen with any show of sympathy to this message, and remarks were made to the effect that the Governor of Tabreez and the Government opposed the local assembly because it prevented him and them from oppressing the people. The question of the Cossack Brigade was raised by Seyed Mohammed Mujtehed, who wanted to know whether they were Russian or Persian soldiers, and it was proposed that the Convention or Agreement between the Russian and Persian Governments with regard to the brigade should be asked for.

Thursday, January 17.—The Ministers of Finance, Education, and Interior were present. The Finance Minister was closely questioned by several members on the subject of the customs and posts, for which he stated he was not responsible. He was cross-examined most persistently by Saad-ed-Dowleh, Abul Hassan Khan, and Mahommed Ismail, whose thrusts he skilfully evaded. He made a long statement, of which the following is an abstract. It was led up to by Saad-ed-Dowleh, who said:—

"Ain-ed-Dowleh told the merchants that 450,000 tomans (90,000L.) lay in the bank. Now that he is not here to answer our questions on the subject, we wish to ask you, firstly, is this statement correct, or is it not; and if it is correct, where is the money?"

Hajji Mohammed Ismail, interposing, said: "The Minister of Finance has already told us that he had not so far been responsible for these matters."

Finance Minister (Naser-ul-Mulk): "No; I do not say I am not responsible. Now that you have brought up these questions I should like to be permitted to say a few words. I will only express an opinion; I do not say I am right. Questions of finance and the revenue and expenditure of the Government have often been brought up by this Assembly. I read the 'Medjliss' newspaper daily, and have found in it excellent speeches by members who displayed much enthusiasm and natural ability. As

we are on the subject of finances, I will tell you the meaning of revenue and expenditure according to the usages of this country. A statement is made for the Government giving the revenue from each place. Against that total the Shah issues Firmans and Rescripts, which represent the Government's expenditure. Bills are then issued in favour of persons entitled to receive money. The procedure has, so far, been this, and my share was to this extent. I am only responsible for those sums which are in my keeping, and for which I supply an account. The so-called Budget has no analogy to the foreign system. When the word 'Budget' is used, the foreign system of Budgets comes to one's mind, but this is not the case here. Every Ministry has its own Budget, which is sent to the Ministry of Finance, but he is not responsible for them. So far the system has been such, but in the future any system which may be indicated will be followed. I have given you an outline of the system, though there are many side issues into which I need not go."

Saad-ed-Dowleh: "According to your statement you are not a Minister of Finance but an accountant." The Finance Minister subsequently admitted that this was the case. The Finance Minister was then asked to draw up a scheme of reform for his administration, which he declined to do. The question of the Belgian Customs administration was again reverted to, and it was again urged that it should be under the Minister of Finance, who remarked that they were endeavouring to imitate the European system, but they should remember that the conditions were very different in Persia. "It is impossible in one country," he said, "to follow in its entirety the system of another country where the conditions are very different"; to which Saad-ed-Dowleh replied: "In those countries you refer to the motive power is science and brains; here, unfortunately, the motive power is money." The Finance Minister retorted, "Science and knowledge are excellent if not used to further personal motives." This led to further recriminations, but no practical result.

Saturday, January 19.—One of the members proposed and endeavoured to put to the vote a proposal that speeches should be delivered from a tribune, in order to avoid the confusion caused by numbers of members speaking at once. He had nearly carried his point when another member addressed him with marked discourtesy, whereupon some heated words were exchanged and the offended member retired from the House. The Minister of Mines was present on this occasion to answer an interpellation with regard to the D'Arcy Oil Concession, but Saad-ed-Dowleh being absent the question was postponed until—

Sunday, January 20.—The Minister of Mines (Mohandis-ul-Mamalek) was present with Sadik-es-Sultaneh, the Persian Commissioner, Sheikh-ul-Mulk, formerly in the employ of the Oil Company, and Edouard Kitabji. The principal point brought up against the Company by Saad-ed-Dowleh, at the instigation of Sheikh-ul-Mulk, was that of the employment of Persian subjects. A telegram was read from the local authorities stating that, apart from the managing staff and engineers, the whole of the employés were Persians. The remaining points were easily dealt with, and the question was allowed to drop.

Tuesday, January 22.—It having transpired that Naib-es-Sultaneh, the Minister of War, had given various high offices to certain persons in exchange for large presents in money, the Assembly showed its displeasure by an attack on the Government, without, however, mentioning the Naib-es-Sultaneh's name. The appointment of Sepahdar (Minister of Telegraphs) as Governor of Resht was strongly opposed. The Mujtehed Seyed Mohammed joined in the demonstration, and caused a sensation by saying that they had crowned the Shah with a constitutional crown, and had accepted him as a constitutional monarch, but that if he turned against the Constitution and the Assembly they would no longer recognize him as Sovereign.

Thursday, January 24.—The sitting was chiefly devoted to the discussion of the charges brought against the son of Sepahdar, who, while acting as Deputy-Governor of a district in Mazanderan owned by his father (Tenekabun), was alleged to have beaten a priest who had come to conduct the elections for the Tehran Assembly. The case had given rise to much feeling in the Assembly at the previous sitting.

During this period a movement was in progress behind the scenes with the object of forcing the Shah to bring the Ministers into more practical relations with the Assembly than have existed so far. Their experience with the Minister of Finance on the 17th instant showed them that if some working arrangement was not arrived at they would continue to waste their time in useless discussions. The Naib-es-Sultaneh's action, the appointment of Sepahdar as Governor of Resht, a man who is well known to be a reactionary, and the evasive attitude of the Grand Vizier, all tended to show that

an obstructive attitude was being adopted towards them. The following measures were therefore taken:—

January 24–29.—The two principal Mujteheds began by writing a joint letter to the Shah exposing the case, to which a gracious answer was received, but the Grand Vizier, to whom they also applied, gave them evasive replies. On the 29th instant Seyed Abdullah made a statement to the House to the effect that he and his colleague, Seyed Mohammed, who was sitting beside him, had done their best to induce the Ministers to co-operate with the Assembly in the great work of reform, but unfortunately without success. It now remained for the Assembly to obtain its rights under the Constitution. If the Ministers were allowed to flout them as they did at present, it was useless for them to attend the meetings of the Assembly. They would support the Assembly in any steps that were thought desirable under the critical circumstances. Saad-ed-Dowleh was not present, and the President took no part in the proceedings, though there is every indication that he had organized the movement. After an excited debate, in which Muin-et-Tujjar endeavoured to espouse the cause of his friend and partner, the Sadr Azam, the following letter, evidently prepared beforehand, was addressed to the Sadr Azam:—

"In accordance with the Articles of the Constitution, the National Assembly is obliged in all State matters to consult and discuss with the responsible Ministers. The furtherance of the interests of both the Government and nation can only be achieved by the co-operation of the Ministers, and until such time as the body of Ministers is formally introduced to the Assembly by the Sadr Azam in person, the Assembly will not be in a position to take any steps in State affairs. For this reason the Assembly, with one accord, asks your Highness to define the body of Ministers and to present them in person on Sunday next, the 3rd February, and to fix their responsibility and the extent of their duties, in order that the Assembly should be able with their assistance to undertake reforms and thereby carry out its duty, and that the good-will of the Ministers towards the Assembly should be apparent. Should these conditions not be carried out it will be clear that the present Ministers are not in favour of the constitutional laws or the furtherance of the work of the Assembly. A definite answer is requested, in order that the Assembly should know what steps it should take in the future."

The proceedings on the 29th instant, when the above letter was read, were orderly, and there was every indication on the part of the majority of the members to put an end to the intolerable situation created by the obstructive attitude of the Government. A crisis, in fact, appears to have been reached.

(Signed) G. P. CHURCHILL.

[5277]

No. 115.

Sir C. Spring-Rice to Sir Edward Grey.—(Received February 18.)

(No. 25.)

Sir,

Tehran, January 31, 1907.

WITH reference to your telegram No. 9 of the 14th instant, on the subject of the designation of the Shah's second son as Valiahd, I have the honour to state that I arranged with the Russian Minister that we should make a joint verbal communication to the Shah on the first available opportunity, expressing the satisfaction of our Sovereigns and Governments at this appointment.

As I have already stated, the circumstances of the first audience accorded by the new Shah to the diplomatists excluded the possibility of such a communication.

Subsequently, on the occasion of His Majesty's coronation, M. Hartwig and I were able to make our communication verbally to His Majesty, although, owing no doubt to His Majesty's preoccupation, it was not very graciously received.

I have since received the accompanying formal notification of the appointment, to which, after consultation with M. Hartwig, I have addressed the reply copy of which is inclosed herewith.

The Ala-es-Sultaneh, Minister for Foreign Affairs, informed me that the Shah has expressed much gratification at the fact that the Russian Minister, in a special audience which he had asked for, conveyed the personal congratulations of the

Emperor. The Minister added that His Majesty made no allusion to my own communication.

M. Hartwig informed me of the audience, which he said he had obtained with a view to pressing for the appointment of a Russian doctor to the Shah's person in order to forestall the steps which he had reason to believe the German Legation were about to take for a similar purpose. He did not, however, mention the fact that he had also taken the opportunity of making the communication above mentioned.

The Valiahd, the Shah's son by the daughter of Prince Naib-es-Sultaneh, who at his own request received Russian protection in 1896, is 12 years of age. He has been educated in Tabreez by a Russian tutor, and already speaks and writes the Russian language. It is stated that he will be sent to Europe to finish his education. The elder son by a concubine has been brought up in Tehran, and was the favourite of his grandfather, the late Shah.

I have, &c.
(Signed) CECIL SPRING-RICE.

Inclosure 1 in No. 115.

Ala-es-Sultaneh to Sir C. Spring-Rice.

(Translation.)

January 26, 1907.

WHEREAS, in accordance with the usages and rules, all the Sovereigns of the earth are obliged, for the administration of the kingdoms and the maintenance of sovereignties, to appoint successors, I have the honour to inform your Excellency that His Imperial Majesty the Shah has selected His Imperial Highness Sultan Ahmed Mirza as Heir-Apparent to the Imperial throne, and has introduced him publicly in that capacity to the Persian nation.

I have no doubt your Excellency will be good enough to inform the proper authorities of His Imperial Highness' appointment as the heir to the throne.

Inclosure 2 in No. 115.

Sir C. Spring-Rice to Ala-es-Sultaneh.

(Translation.)

January 30, 1907.

THE substance of the communication which your Highness has just made to me on the subject of the designation of the son of His Majesty the Shah, Sultan Ahmed Mirza, as successor to the throne has already been brought by me to the knowledge of the King. In obedience to His Majesty's commands I have already, on the day of the coronation of Mohammed Ali Shah, expressed to His Majesty the King's sincere felicitations. As I stated to His Majesty on that occasion, my august Sovereign considers this act as a pledge of the durable prosperity and tranquillity of Persia.

[5279]

No. 116.

Sir C. Spring-Rice to Sir Edward Grey.—(Received February 18.)

(No. 28.)

Sir,

Tehran, February 1, 1907.

I HAVE the honour to transmit herewith the monthly summary of events in Persia which have not been recorded in separate despatches.

I have, &c.
(Signed) CECIL SPRING-RICE.

Inclosure in No. 116.

Monthly Summary of Events in Persia No. 2.

NORTHERN PERSIA.

Tehran.

THE following is a chronological table of the events of the past month which have been separately reported:—

- January 1.—Constitution taken to Assembly by Sadr Azam.
 „ 6.—Stormy meeting of Assembly.
 „ 8.—Shah dies at 10.30 P.M.
 „ 9.—Body taken to Takkié Dowlet.
 „ 10.—Corps Diplomatique calls on Sadr Azam to condole.
 „ 13.—Corps Diplomatique received by new Shah.
 „ 17.—Finance Minister attends at Assembly.
 „ 19.—Coronation.
 „ 20.—Public salaam. Ala-ed-Dowleh Minister of Court.
 „ 25.—Proclamation of Sultan Ahmed Mirza as Valiahd.
 „ 29.—Ultimatum sent to Sadr Azam by Assembly.

The following is a statement of the foreign debts of the Persian Government, supplied unofficially to the National Assembly:—

		£
Imperial Bank, current account, of which		
750,000 tomans at 12 per cent. . .	1,900,000 tomans	380,000
Indian Loan, fisheries, &c., as guarantee,		
5 per cent., twenty years . . .	1,650,000 „	330,000
French Government, purchase of arms . .	1,000,000 „	200,000
Russian Government, 5 per cent. . .	32,500,000 roubles	3,000,000
Russian Bank, May 14, 1904, 12 per cent. .	1,388,290 tomans	278,000
„ May 24, 1905, 10 per cent. . .	150,000 „	30,000
„ June 8, 1905, 12 per cent. . .	500,000 „	100,000
„ „ „ . .	339,375 „	68,000
Total . . . . .	..	4,386,000

The Shah has dismissed all the late Shah's Court officials and replaced them by his own men. Amir Behadur has been replaced by Ala-ed-Dowleh.

Shoa-es-Sultaneh's Crown lands in Fars have all been taken from him, and his salary has been reduced to 2,000l. a year.

The Shah is in a difficulty about all his father's doctors, who are now on his hands. Professor Damsch was paid with great difficulty. A cheque drawn by an official on his private account in Europe was handed to the German Legation. There remain: Dr. Schneider at 1,500l. a year; Dr. Lindley at nearly the same figure; Sir Hugh Adcock, who continues to draw at the rate of 1,500l. a year while Persian Consul at Florence; and finally Alem-ed-Dowleh, who was getting 3,000l. a year and received a present of some property worth 10,000l. The Shah has taken back the latter and cancelled the salary. Dr. Lindley has been told to continue to attend as usual. The Shah has brought with him his own doctors, Lokman-ul-Mamalek and Dr. Coppin; the latter receives about 500l. a year.

One of the Shah's first acts after his succession was to announce that all the Firmans granting pensions, Crown lands, titles, &c., issued by the late Shah during his illness were cancelled.

Mr. Wilkinson, formerly in the Imperial Bank here, and whose brother is accountant at the bank now, has been engaged by the promoters of the proposed new German Bank, and will shortly come to Tehran.

The Naib-es-Sultaneh has appointed Saad-ul-Mulk Chief of Army Supply Department for a "pishkesh" of 3,000l., and Dabir-ed-Dowleh Chief Accountant to the Army for 5,000l., Majd-ed-Dowleh Chief of Artillery for 2,000l. The taking of "pishkesh" is against the wishes of the Assembly, and the Minister of War is in consequence very unpopular.

Tabreez.

Nizam-ul-Mulk took over the Governorship of Tabreez early in January, and Imam Kuli Mirza proceeded to take up the Governorship of Urmia. Nizam-ul-Mulk found the local "Enjumen," or Assembly, so hostile that he complained to the Shah. The matter was brought up by Seyed Abdullah at the Tehran Assembly, but the Deputies upheld the "Enjumen."

The Kurds have committed a fresh outrage near Urmia. They killed a certain Alijan Beg, of Jenislu, near Urmia, whose family took refuge under the British flag at the English Mission. Four hundred of the inhabitants of Urmia also went to the Mission, wailing and beating their breasts, but Mr. Parry turned them out. Others went to the telegraph office and did some damage. The state of Urmia during the past year has been such as cannot possibly be allowed to repeat itself in 1907, if the Persian Government has the slightest regard for the welfare of the peaceful population of the district. On the 29th December the inhabitants of Urmia killed in the bazaar three apparently innocent Kurds from Solduz who had come to sell their corn in the town. Much excitement ensued, as reprisals were expected.

A military expedition was sent by the Persian Government against the Kurds of Bend on the 5th instant, and the village was destroyed, with a loss to the Persian side of four men killed. The Kurdish loss is unknown, but Imam Kuli Mirza, who started for Urmia on the 9th instant, informed Mr. Wratislaw that it was probably very small. He intends to lead an imposing expedition against the Kurds in the spring, and seemed quite confident that he would be able to overcome them. There is, however, still the danger of a great Kurdish raid, as on previous occasions, and the safety of the English missionaries is by no means assured, though the presence of Imam Kuli Mirza there is likely to give confidence. He is well known to Mr. Wratislaw, who has a good opinion of him.

The Russians have had some difficulties over their Tabreez-Julfa road. By paying the present Shah and the Tabreez Karguzar (Mofakher-ed-Dowleh, a well-known Russian tool), they obtained the right to levy tolls on the Tabreez side of an ancient bridge near the town, at the end of their road. They apparently treat the bridge as part of the road, to the indignation of the people and the "Enjumen." The Russian Consul-General is said to have written an angry letter to one of the Mujtehedes of Tabreez, threatening to call in Russian troops unless the road is left alone.

The twelve Tabreez Deputies left for Tehran on the 8th instant. Thousands of the inhabitants of the town saw them off, and a rather impressive function took place at the bridge, when the Koran was solemnly produced, on which last September an oath was taken by the leading men of the town to maintain the popular cause.

The Russian Road Administration is experiencing considerable difficulty in collecting its tolls, particularly from the inhabitants of villages along the road, who manifest a profound objection to the additional tax which is imposed upon them, as they consider the old road was quite good enough for their purposes. Refusals to pay the tolls have resulted in frequent scuffles, and generally in the escape of the delinquents. A detachment of horsemen, supplied by the Governor for the protection of the road officials, was beaten by the villagers and sent back to Tabreez. The hostility of all classes to the Road Company is very marked.

Resht.

The Governor-General stated that his authority was set at naught, and over 3,000/ of taxes were outstanding and not likely to be paid. He expected bloodshed.

The "Fedavis" have two associations at Resht, one public and one secret. All manner of formalities have to be gone through before a member is admitted to the secret association under certain pledges, including one not to reveal what takes place at the meetings, and to do away with any one who should break his pledge. They are under the authority of directing bodies in the Caucasus. The attitude of the reform party in Resht is distinctly revolutionary, and gives some anxiety at Tehran. It is partly due to the weakness of the Governor, Vezir Akrem, a chamberlain of the late Shah's. He was severely rebuked by the Shah, and Sepahdar was appointed to succeed him, but the Tehran Assembly opposed his nomination. On the occasion of the festivities in connection with the Shah's coronation the inhabitants of Resht

refused to take part without orders from the Tehran Assembly. Seyed Mohammed Mujtehed sent them a reassuring telegram as to the Shah's attitude towards the Constitution, and they only then consented to show their loyalty by decorating the bazaars, illuminating, &c.

Meshed.

Nothing of any importance has been reported from Meshed during the month. Thirty-six rifles and 9,000 rounds of ammunition, for the defence of the Consulate-General, arrived safely. Colonel Russell, who was sent to design defences on the Burmah frontier, visited Meshed, and was asked to examine the Consulate with a view to its defence, which he did, and made certain suggestions.

The Ain-ed-Dowleh's people are reported to be robbing caravans in the vicinity of Ferriman.

Turbat-i-Hayderi.

Captain Iyass continues his policy of open hostility to British interests, and says that he does not approve of the Anglo-Russian *entente*, but is in favour of a Russo-German alliance. He seldom, however, tells the truth.

CENTRAL AND EASTERN.

Ispahan.

Mr. Barnham reports on the Ispahan elections, which appear to have been directed by Agha Nejefi with a view to his interests being protected in the Tehran Assembly. The attitude of the Zil-es-Sultan is, as usual, most difficult to define. His relations with Agha Nejefi are of a most complicated nature. At a meeting held in connection with the elections the Zil made a speech, declaring that whoever was opposed to the National Assembly was a traitor, and should be put to the sword. Later, in an interview with Mr. Barnham, he said that he was feeling uneasy concerning the situation at Ispahan, that the mollahs were getting quite out of hand, that one had openly advocated a massacre of Jews and Christians, and that they even spoke of him in language which they dared not have used a few years ago. In speaking of Agha Nejefi's brother, Sheikh Norullah, he described him as by far the most active and dangerous of the Ispahan mollahs. His Highness spoke of Norullah very much as Henry VIII spoke of Wolsey. The main point was, however, that his Highness wanted reassurance. He trusted that His Majesty's Government would exercise its influence to prevent his removal from Ispahan. His favourite son, Bahram Mirza, who is at present in Tehran, delivered a message to His Majesty's Minister to the same general effect, and received a reassuring answer for transmission to his father. In the meantime the Local Assembly at Ispahan has arrogated to itself the government of the province under the presidency of Sheikh Norullah. It meets twice a-week, and interferes in every matter, and produces general distrust and confusion. It must be remembered that Agha Nejefi and his brother are among the most corrupt of the clergy.

Seistan.

The export of grain from Seistan is prohibited, but an attempt was being made at the end of December to rescind the order with the object of lessening the supply and raising prices, so that the Tehran official ("Sepahdar") who has bought the revenue grain should make a large profit. This would probably result in a second artificial famine, similar to that of last year. The matter was brought up in the Tehran Assembly, and the British were blamed for keeping up the prohibition.

Major Kennion took over charge of the Consulate from Lieutenant Daukes on the 28th December. He was received very well by the Deputy Governor and Muntahan-es-Sultaneh.

The question of the Governorship of Seistan is again to the fore. The Russians are apparently supporting the Heshmet-ul-Mulk against the Muntahan-es-Sultaneh, who was about to be appointed Governor.

SOUTHERN.

Shiraz.

A Local Assembly has been formed, composed of about thirty members drawn from the various classes. They have so far not shown much activity. The news of the Shah's death caused no trouble.

Bushire and Gulf Ports.

As an instance of the prevailing commercial activity of Germany in the Persian Gulf, it may be mentioned that the Deutsche Orient Bank, Hamburg, has addressed letters to several prominent local merchants at Bunder Abbas and elsewhere offering its services in furthering their commercial transactions with Northern Europe.

The Darya Beggi, Governor of Bushire, knows that his successor, Saeed-es-Sultaneh, has already left Tehran via Kermanshah; he is accordingly making preparations to leave Bushire.

Tehran, January 31, 1907.

(Signed) G. P. CHURCHILL.

[5225]

No. 117.

Sir A. Nicolson to Sir Edward Grey.—(Received February 18.)

(No. 70.)
Sir,

St. Petersburg, February 4, 1907.

M. ISVOLSKY asked me to call upon him this morning, and read to me a telegram which he had received from the Russian Minister at Tehran to the effect that there was serious unrest in Persia, and that local assemblies at Resht, Tabreez, and Ispahan had held meetings, and were acting independently of the Parliament at Tehran. The telegram further stated that an agitation was being fomented by Persians who had returned from abroad, and who were imbued with revolutionary ideas, and that this agitation bore indications of being likely to develop into an anti-European movement.

M. Isvolsky inquired whether I had received any information on the subject.

I told his Excellency that I was without any recent news from Tehran. M. Isvolsky said that he would be glad if I could procure information, as it would be well to have news from another source so as to check that which had reached him. The Shah, he added, was without money and without troops, and if the movement assumed greater dimensions a serious situation would be created. He was most anxious to consult with His Majesty's Government on the subject, and had instructed the Russian Chargé d'Affaires in London to speak with you, and to communicate the news which had been received. He thought that an interchange of views was eminently desirable between the two Governments, so that they might come to a common understanding as to the best line to follow. He need not tell me that the Russian Government were exceedingly anxious that tranquillity should be preserved in Persia, not only on account of the general and commercial interests which Russia possessed in that country, but also in view of the proximity of the Caucasus. As I was aware, the state of affairs in the Caucasus was not peaceful, and if anarchy were to ensue in Persia, an effect would at once be produced across the frontier. It would be an exceedingly difficult problem with which to deal if a movement directed either against the Shah or Europeans were to assume large proportions, and he would be glad to ascertain the views of His Majesty's Government.

I asked M. Isvolsky if M. de Hartwig had made any suggestions, and his Excellency replied that he had simply transmitted information without any comments. His Excellency said that he did not know if any useful purpose could be served through the intermediary of the Assembly at Tehran, and he hinted that possibly the British Legation might have relations with that Body since the incident of the asylum granted to the malcontents.

I told his Excellency that the asylum taken by so large numbers of dissidents

from the former existing state of things had been a matter of great embarrassment, and I might add annoyance, both to His Majesty's Government and to the British Legation. Since the Assembly had met, the British Legation had let it be understood in the clearest manner that it had nothing whatever to do with the internal affairs of Persia, and had adopted an attitude of absolute abstention. So clear had been the language which had so properly been held on the part of the British Legation that I believed some disappointment had been caused to the popular party. However, on these points Sir C. Spring-Rice had, I knew, kept M. de Hartwig fully informed. I was not aware if the mediation of the Assembly could be utilized, or if the circumstances required it, but I would communicate to you what he had told me. Doubtless the Representatives at Tehran would be able to make some useful suggestions when the situation was a little more clearly defined.

I have, &c.
(Signed) A. NICOLSON.

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No. 118.

Sir A. Nicolson to Sir Edward Grey.—(Received February 18.)

(No. 76.)
Sir,

St. Petersburg, February 7, 1907.

WITH reference to my despatch No. 70 of the 4th instant, I have the honour to state that I communicated to M. Isvolsky some information in regard to the situation in Persia with which Sir C. Spring-Rice had kindly supplied me, and which was to the effect that there were no signs of an anti-European agitation, though there was considerable discontent in regard to the functionaries of the Government and the Belgian officials, and also a strong movement against foreign loans and Concessions. Sir C. Spring-Rice had added that the local assemblies exhibited a certain revolutionary character, but that the Shah and religious chiefs enjoyed sufficient prestige to enable them to deal with the popular movement. I informed M. Isvolsky further that Sir C. Spring-Rice was of opinion that it was most desirable that foreign Governments should abstain from all interference in the domestic affairs of Persia, and that, if they maintained that attitude, he did not anticipate that there would be any immediate danger.

M. Isvolsky thanked me for the information, and said that, in the circumstances, it would be better to adopt an observant attitude. I said that evidently it would be prudent to allow the Persians to arrange their differences among themselves, and to carefully abstain from any appearance of intervention. His Excellency said that M. de Hartwig had perhaps been unduly alarmed at the reports which had reached him, and that he had requested him to keep in constant touch with Sir C. Spring-Rice, and to consult with him if fresh developments arose. M. Isvolsky expressed the hope that we should mutually communicate any information which he or I might receive, as he was most desirous that the two Governments should act in perfect concert.

I have, &c.
(Signed) A. NICOLSON.

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No. 119.

Sir A. Nicolson to Sir Edward Grey.—(Received February 18.)

(No. 79.)
Sir,

St. Petersburg, February 11, 1907.

I CALLED on M. Isvolsky the day before yesterday and communicated to him the substance of Sir C. Spring-Rice's telegram of the 8th instant regarding an advance to be made to the Shah in view of the disquieting situation in Tehran. I asked his Excellency if he had heard from M. de Hartwig on the subject, and he replied in the negative. He said that he was anxious to act entirely in concert with His Majesty's Government in all matters concerning Persia, and asked me if I would let him take note of the details of the proposed transaction so that he might consult with the Minister of Finance with whom he had an appointment the same evening. He inquired if Sir C. Spring-Rice had already made the advance, or whether he was awaiting instructions from his Government. I said that I gathered from the telegram

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that the matter was of some urgency, and it was possible that Sir C. Spring-Rice had considered it necessary to act with promptitude, but I could not say positively what steps had actually been taken. It seemed to me that, as affairs seemed to be in a somewhat critical condition, great latitude should be accorded to the Representatives on the spot, but it was essential that they should keep in constant touch with each other. I added that I felt sure that he would impress on M. de Hartwig to act in perfect concert with Sir C. Spring-Rice, who had on more than one occasion expressed to me his pleasure at the cordial and intimate relations which he maintained with his Russian colleague. M. Isvolsky said that it was of great importance that the two Governments should be in complete harmony, and he had no fear of the future in Persia if both Governments acted in unison.

I subsequently received your telegram No. 12 of the 9th instant, informing me that His Majesty's Government were prepared to authorize the joint advance provided the Russian Government concurred. I at once communicated this to M. Isvolsky, and I received early this morning a letter from his Excellency, of which I beg leave to inclose a copy, and of which I telegraphed the substance in my telegram No. 18 of to-day's date.

Since the dispatch of the above telegram, I have received Sir C. Spring-Rice's telegram of yesterday's date, recommending that he and his Russian colleague should be authorized to use their own discretion in regard to the advance. I have little doubt that M. Isvolsky will be willing, on the part of the Russian Government, to leave the matter in the hands of M. de Hartwig, and as I am to see his Excellency this evening in regard to some other questions, I will inquire of him what further information he has received from Tehran.

I may add that I mentioned at the conclusion of my conversation of the 9th instant with M. Isvolsky, that in view of the constantly shifting, and to an outsider somewhat obscure, situation in Persia, great caution appeared to be desirable, as any false step might prejudice our joint interests in that country, and might facilitate the possible aims of other countries. M. Isvolsky said that so long as we went hand in hand he regarded Persia as a "champ clos" to others, and on my remarking that, fortunately, the new German Minister in Tehran seemed to be a calm, peaceable man, he laughingly observed that he always felt some anxiety in regard to quiet reserved men if they had a settled policy to pursue; and he did not know if he did not prefer the indiscreet exuberance of the former youthful Chargé d'Affaires of Germany, as he left no doubt as to the aims which he was pursuing.

I have, &c.
(Signed) A. NICOLSON.

Inclosure in No. 119.

M. Isvolsky to Sir A. Nicolson.

Ministère Impérial des Affaires Étrangères,
le 28 Janvier (10 Février), 1907.

Mon cher Ambassadeur,

D'APRÈS les nouvelles que j'ai de Téhéran, notre Ministre a déjà donné à Sir Cecil Spring-Rice son adhésion à l'avance à faire en commun au Schah, et le Gouvernement Impérial confirme entièrement cette décision.

Votre sincèrement dévoué,
(Signé) ISVOLSKY.

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No. 120.

Sir A. Nicolson to Sir Edward Grey.—(Received February 18.)

(No. 82.)
Sir,

St. Petersburg, February 12, 1907.

I ASKED M. Isvolsky this afternoon whether he had received any information from M. de Hartwig in respect to the proposed advance to the Shah, as I understood that the Russian Minister would have applied to his Government for authority to use, in conjunction with his British colleague, his discretion as to dealing with that matter. His Excellency said that M. de Hartwig had made as yet no application of that nature, and he inquired if Sir C. Spring-Rice had been authorized to judge for himself when the advance should be made. I said that the question of making the advance

had been left to the discretion of Sir C. Spring-Rice, always, of course, in conjunction with M. de Hartwig. M. Isvolsky said that he entirely agreed with leaving such points to the two Representatives at Tehran, and when he heard from M. de Hartwig he would send instructions similar to those dispatched to the British Minister.

M. Isvolsky said that he had received from M. de Hartwig the draft of a communication which he and Sir C. Spring-Rice proposed should be made to the Persian Government in regard to a very important matter, and that was the danger that the Assembly would lay their hands on the customs revenues for the purposes of the proposed National Bank. His Excellency then read to me the terms of the communication, which were identical with those communicated by Sir C. Spring-Rice. I told him that I had received from Tehran a similar telegram, but that I had not yet learnt what were the views of His Majesty's Government on the subject. M. Isvolsky begged me to inquire, as he must speak with the Finance Minister on the subject, and he would be glad to know whether you approved of the terms. It seemed to him that some such communication was necessary in order to safeguard our common financial interests, and he presumed that it would be best to leave the date of making the communication to the two Representatives on the spot.

M. Isvolsky said that Russia, unfortunately in his opinion, had advanced large sums to the Persian Government, and it would be necessary to take all precautions that the securities for these advances were not tampered with.

I observed that some 700,000/ had also been advanced from British quarters, and that I had heard rumours of the possibility of the future German Bank, in conjunction with the projected National Bank, taking over the debts of the Persian Government, and thus obtaining a predominant financial position in Persia. M. Isvolsky said that he thought that the Germans were too good business men to embark on such an enterprise, especially when the only available securities were already pledged. Russia had a lien on the customs revenues in the North, and Great Britain on the customs revenues in the South of Persia and in the Gulf, but both countries must see that these revenues were not attacked by the Assembly or diverted to other purposes. He considered that the matter was highly important, and I promised to let him know your views as soon as I had ascertained them.

I communicated the substance of the above in my telegram No. 20 of to-day's date.

I have, &c.
(Signed) A. NICOLSON.

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No. 121.

Sir A. Nicolson to Sir Edward Grey.—(Received February 18.)

(No. 84.)
Sir,

St. Petersburg, February 12, 1907.

AT my interview to-day with M. Isvolsky I communicated to him an *aide-mémoire* in regard to the telegraph lines in Persia, of which I have the honour to transmit a copy herewith.

I explained to his Excellency that my Government were of opinion that it would entail a considerable expense to place additional wires on the existing lines, and that the objects which we both had in view would be equally well and more economically obtained by one of the two alternatives I had communicated in the *aide-mémoire*.

He had in his *aide-mémoire* expressed the willingness of the Russian Government not to oppose a request which might be made by the British Government for a special line from Nasratabad to Kouhi-Melik-Siah. In the *aide-mémoire* I now communicated he would observe that it was suggested that the Russian Government should go a step farther and support any such request. It seemed to me it would be well at this moment if this farther step could be taken, should we apply for it, as all that tended to joint action was always to the good.

M. Isvolsky said that he would look into the whole matter and let me have a reply later. He gave no indication of being opposed to our proposals, but I told him I did not wish to extort any opinion from him until he had studied the paper I left with him.

I have, &c.
(Signed) A. NICOLSON.

Inclosure in No. 121.

Aide-mémoire communicated by Sir A. Nicolson to M. Isvolsky.

HIS Majesty's Embassy had the honour to receive the *aide-mémoire* communicated by the Imperial Russian Government on the 17th (30th) November, 1906, regarding an arrangement to be made with respect to the telegraph lines between Tehran and Meshed, and between Meshed and Nasratabad.

HIS Majesty's Embassy is now in a position to make certain proposals which it trusts will commend themselves to the Imperial Russian Government as affording a temporary *modus vivendi* pending a general settlement of questions connected with Persia.

HIS Majesty's Embassy, with a view of avoiding the considerable expense which would be entailed by placing additional wires on the lines, as was suggested in the *aide-mémoire* of the Imperial Russian Government, would propose:—

1. That neutral or rather combined offices should be established at all stations, both terminal and intermediate, where Russian and British signallers are employed, or, as an alternative, separate offices, belonging to each Power, with a commutator in a separate shed accessible to both parties; and that signallers of each Power should have for certain fixed hours in each day uninterrupted possession of the offices and lines.

2. That, as proposed in the *aide-mémoire* of the Imperial Russian Government, the Russian Inspectors on the Meshed-Nasratabad line will be withdrawn and replaced by Gholams or subaltern Persian agents, who will be paid by the Imperial Russian Government.

3. That the Imperial Russian Government would support a request to the Persian Government on the part of the British Government for permission to establish a special line between Nasratabad and Kouhi-Melik-Siah.

St. Petersburg, January 29 (February 11), 1907.

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No. 122.

Sir A. Nicolson to Sir Edward Grey.—(Received February 18.)

(No. 85. Confidential.)

Sir,

St. Petersburg, February 12, 1907.

M. ISVOLSKY, in speaking of the situation in Persia, as portrayed in the latest information which had been received from that country, said that it was clear that the Shah had granted all the demands of the Tehran Assembly, and that it was fortunate that, in these circumstances, both Great Britain and Russia had abstained from taking HIS Majesty's side in the early difficulties between the Crown and the Parliament, and had adopted a passive and observant attitude. So far as he could judge, the movement in Azerbaijan presented elements of danger, especially at Tabreez, and he trusted that it would not develop in a manner which would compel Russian intervention. HIS Excellency was afraid that the disturbed condition in the above provinces and in the Caucasus might react on each other, and that the malcontents on both sides of the border might give each other mutual encouragement. He had been in consultation with the Minister of War and with the Chief of the General Staff, and he could tell me that the policy of the Russian Government was to abstain from any interference in the internal affairs of Persia. Should attacks be made on Russian material interests, and necessitate the employment of military intervention for the purpose of protecting the lives and properties of Russian subjects, he could assure me that such intervention would be kept within the narrowest possible limits, and be on a minimum scale, and that no steps would be taken without previous consultation with HIS Majesty's Government. It was, to his mind, absolutely essential that the two Governments should act in complete harmony, and not independently of each other, and he trusted that he could rely on a similar view being taken by HIS Majesty's Government. I told him that he need have no shadow

of doubt on that point. M. Isvolsky added that the Russian Government wished, if possible, to leave the Persians to "stew in their own juice," and await calmly the future developments of the situation.

I reported the substance of the above in my telegram No. 22 of to-day's date.

I have, &c.
(Signed) A. NICOLSON.

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No. 123.

Sir A. Nicolson to Sir Edward Grey.—(Received February 18.)

(No. 88.)

Sir,

St. Petersburg, February 13, 1907.

WITH reference to my despatch No. 79 of the 11th instant, I have the honour to transmit to you herewith copy of a *pro-memorid*, which I received this morning from the Ministry for Foreign Affairs, relative to the future Persian Customs Administration and the guarantees which can be afforded that the customs revenues will not be diverted from serving as security for loans advanced to the Persian Government.

I beg leave also to inclose a copy of my reply.

I telegraphed the substance of the above in my telegram No. 23 of to-day's date.

I have, &c.
(Signed) A. NICOLSON.

Inclosure 1 in No. 123.

Pro-Memorid communicated by M. Isvolsky to Sir A. Nicolson.

LE Ministre de Russie à Téhéran télégraphie que la démission de MM. Naus et Priem pourrait porter préjudice à l'Angleterre et la Russie, matériellement engagées dans les emprunts Persans dont l'amortissement et les intérêts sont garantis par les revenus des douanes Persanes, d'autant plus que l'Assemblée paraît vouloir disposer de ces revenus pour la Banque Nationale nouvellement fondée. Une pareille mesure constituant une grave infraction aux arrangements internationaux conclus par la Perse, M. de Hartwig et Sir Cecil Spring-Rice se sont mis d'accord pour télégraphier à leurs Gouvernements qu'il est indispensable que les Représentants des deux Puissances intéressées mettent le Gouvernement du Schah en demeure de leur donner une réponse catégorique à la question de savoir:—

1. Quel sera le régime administratif auquel le Gouvernement compte soumettre à l'avenir des douanes du pays; et

2. Quelles assurances le Gouvernement peut-il donner de ce que les revenus douaniers, qui forment l'unique garantie des emprunts conclus, ne seront affectés à aucun autre usage?

M. de Hartwig vient d'être autorisé à faire la démarche projetée en cas où son collègue d'Angleterre y adhérerait, et le Gouvernement Impérial serait fort reconnaissant au Gouvernement Anglais de bien vouloir munir Sir C. Spring-Rice d'instructions analogues.

*Saint-Petersbourg, le 30 Janvier
(12 Février), 1907.*

Inclosure 2 in No. 123.

Pro-Memorid communicated by Sir A. Nicolson to M. Isvolsky.

EN réponse au *pro-memorid* que le Ministère Impérial des Affaires Étrangères a bien voulu communiquer à l'Ambassade Britannique en date du 30 Janvier (12 Février), année courante, relatif à la communication à faire par les Représentants de la Russie et de la Grande-Bretagne à Téhéran au Gouvernement Persan au sujet du régime administratif des douanes de la Perse et de l'affectation des revenus douaniers, l'Ambassade Britannique a l'honneur de faire savoir au Gouvernement Impérial que

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Sir C. Spring-Rice a été autorisé à s'associer avec son collègue de Russie pour demander au Gouvernement Persan :—

1. Quel sera le régime administratif auquel le Gouvernement compte soumettre à l'avenir les douanes du pays ;
2. Quelles assurances le Gouvernement peut-il donner de ce que les revenus douaniers, qui forment l'unique garantie des emprunts conclus, ne seront affectés à aucun autre usage ?

Saint-Petersbourg, le 31 Janvier
(13 Février), 1907.

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No. 124.

Sir A. Nicolson to Sir Edward Grey.—(Received February 19.)

(No. 25.)

(Telegraphic.) P.

St. Petersburg, February 19, 1907.

I RECEIVED a request from the Minister for Foreign Affairs to call on him yesterday evening. I found Count Benckendorff with him. His Excellency informed me that he thought our draft Convention as to Tibet would prove acceptable, but he questioned me as to our occupation of the Chumbi Valley and as to scientific missions. I told him that I had submitted a draft Declaration as to the former, but had not yet received a reply, and that I was expecting a draft note as to the latter.

He read me portions of a draft embodying Russian proposals with regard to Persia, which he said would shortly be communicated to me in writing. I understood the proposed Russian line would run as follows: From Kuchan to Ispahan, thence to Yezd and Kasr-el-Sherin. There was a mention of some conditions as to the maintenance of existing Concessions in respective spheres of interest. I said that the Meshed-Seistan telegraph line should not be included among these, and inquired to what other Concessions reference was made. He mentioned customs revenues and bank agencies, and observed that a separate Agreement might be concluded for the settlement of the telegraph lines question. I said that a transfer was, to my mind, the only settlement.

He only read to me passages, so it will be best to await proposals in writing, in order that I may see all the details and be sure that I have correctly given the line.

His Excellency further informed me that he had been successful in winning over the military party to an acceptance in principle of the zone proposed by us, which amounted to abandoning Seistan to us and to a surrender of what might be an important strategical position in certain eventualities. He said that an arrangement as to Afghanistan must precede any settlement of the Persian question, and he asked me to fetch our views for him. I said I hoped shortly to be in a position to give him some proposals, and expressed my inability to do so at present. I inquired as to Russian views. He replied that Russian military party was anxious lest Afghanistan should be changed by us from a buffer State into one entirely under our control, and lest we should obtain from the Ameer permission to build railways, organize his troops, &c. I said that if the Ameer wished to do so we could not prevent him from building railways and developing his country. I asked if he meant that what Russia required was the maintenance of the political *status quo*. He said that was their desire, and added that some arrangement should be come to as to trade and the relations of local frontier officers. I gave him no indication of what our proposals would be.

At the conclusion of our interview his Excellency made an important statement to the effect that Russia would have to make an arrangement with Germany, by which the latter would undertake not to seek Concessions in the Russian zone, and that the Bagdad Railway would have to be dealt with in such an agreement, the arrangement, I understand, to be made in accord with us. His idea apparently is that Germany should give Russia a free hand in her zone in return for withdrawal of opposition to Bagdad Railway.

Negotiations with Japan are progressing very favourably, and in view of this Minister for Foreign Affairs is desirous of pushing on those with us.

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No. 125.

Sir A. Nicolson to Sir Edward Grey.—(Received February 19.)

(No. 26.)

(Telegraphic.) P.

St. Petersburg, February 19, 1907.

WITH reference to my telegram No. 25 of to-day.

I am not disposed to think we shall encounter difficulty in obtaining adhesion of Russian Government to our proposals with regard to Afghan arrangement, though possibly exception must be made for suppression of trade bounties, but I think some declaration will be pressed for that we will not go farther than the terms of our Treaties with the Ameer already existing. I fear you may find difficulty in meeting their wishes, and that this will hamper the conclusion of an arrangement as to Persia. I understand their point of view is that, given a free hand in Seistan, we would be in a position to extend our railway into that district, and that if the Ameer, with our assistance, hereafter constructed railway communication with India, an alteration in the strategical *status quo*, seriously to the disadvantage of Russia, would result.

At the same time, when the Ameer has left India, and when their *pro-memoria* as to Persia has been communicated in writing, I think that I could give over Afghan proposals as they are to Minister for Foreign Affairs, and then perhaps he would state precisely what are their wishes and views.

While fully recognizing that the questions are too important to be hustled through, I venture to submit that it would now be advisable that the continuous course of the negotiations should be as little delayed as possible.

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No. 126.

Foreign Office to India Office.

Sir,

Foreign Office, February 19, 1907.

WITH reference to my letter of the 30th ultimo, I am directed by Secretary Sir E. Grey to transmit to you herewith, to be laid before the Secretary of State for India, copy of a telegram from His Majesty's Ambassador at St. Petersburg relative to the Anglo-Russian negotiations.*

It will be observed that Sir A. Nicolson, in anticipation of a question which may probably be addressed to him by M. Isvolsky, inquires whether he is authorized to inform his Excellency, at the proper moment, that His Majesty's Government would recommend the Ameer to permit intercourse between Russian and specifically selected Afghan frontier officials on local and non-political matters, and not merely that they would raise no objections to such relations.

Sir E. Grey is of opinion that, although at a later stage in the negotiations it may become necessary to make certain recommendations to the Ameer, it is premature to raise the question at the present moment. He considers it desirable that His Majesty's Government should first learn (1) what are the Russian proposals in regard to Persia, and whether they are likely to prove acceptable, and (2) what are exactly the Russian proposals in regard to direct Russo-Afghan relations, before any communication is made to the Ameer on the subject.

Sir E. Grey would be glad to be favoured with the observations of the Secretary of State for India in the matter, and he proposes, if Mr. Morley concurs, to reply to Sir A. Nicolson in the above sense.

I am, &c.
(Signed) E. GORST.

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No. 127.

India Office to Foreign Office.—(Received February 20.)

Sir,

India Office, February 19, 1907.

WITH reference to Sir H. Walpole's letter of the 26th October, 1904, on the subject of the deputation from India of an engineer to Arabistan to report upon the

Karun irrigation project, I am directed by Mr. Secretary Morley to transmit, for Sir E. Grey's information, a copy of a letter* from the Government of India, giving an account of the proceedings of Major Morton, R.E., the officer in question.

It will be seen that, since reporting upon M. van Roggen's scheme, Major Morton has been employed upon the preparation of an alternative project on the lines of Indian irrigation canals.

Major Morton's deputation commenced on the 7th January, 1905, and the Government of India estimate that his work, so far as they consider it necessary to carry it at present, will be completed by the end of May next; the cost being put at 170*l.* a-month, or, say, 2,890*l.* in all, a moiety being debitable to Imperial revenues.

Mr. Morley proposes, subject to Sir E. Grey's concurrence, to approve the proposal of the Government of India.

I am to add that Mr. Morley would be glad if Sir E. Grey would, if he approves, approach Messrs. Lynch in the sense of the final paragraph of the Government of India's letter.

I am, &c.
(Signed) A. GODLEY.

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No. 128.

Sir A. Nicolson to Sir Edward Grey.—(Received February 20.)

(No. 28.)

(Telegraphic.) P.

St. Petersburg, February 20, 1907.

RUSSIAN draft Convention respecting Persia has been communicated to me in writing. The line is different from that which I telegraphed yesterday. It runs from Kasr-Sheerin through Ispahan, Yezd, Kakh, to the Afghan frontier in the neighbourhood of Kuhsan. The misunderstanding is mine. It is suggested that our line should run from the Afghan frontier through Gazik, Birjand, Kerman, and Bunder Abbas and "by the frontiers of Afghanistan and Beluchistan." The sense of the words in inverted commas is not quite clear to me.

There is a reciprocal engagement not to seek within the zone of the other any political or commercial Concession, or to support with that object one's own subjects or the subjects of the third Powers, such Concessions to include railways, telegraphs, banks, transport, roads, insurance business, &c. England engages not to oppose directly or indirectly Concessions supported by Russia in Russian zone, and Russia undertakes similar engagement as to British zone.

There is no mention of maintenance of Concessions already existing, as Minister for Foreign Affairs stated to me verbally yesterday; but it may be this is considered as implied by the Russian Government.

In the final paragraph it is stated that the revenues of all the Persian customs, with the exception of the Persian Gulf and those of Farsistan, guaranteeing the service of the Russian loans are to continue to be devoted to the same purpose as they have been hitherto. The Minister for Foreign Affairs told me yesterday that the revenues for which exception is made above were affected to British loans, but I presume you will wish that the Convention should contain a clear statement of the revenues so affected.

There is reference in the preamble to the independence and integrity of Persia and equal opportunity for all nations for their industry and commerce.

I expect to have an opportunity of sending you a copy of the draft Convention to-morrow.

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No. 129.

India Office to Foreign Office.—(Received February 22.)

THE Under-Secretary of State for India presents his compliments to the Under-Secretary of State for Foreign Affairs, and, by direction of Mr. Secretary Morley, forwards herewith, for the information of the Secretary of State, a paraphrase of a telegram to the Viceroy, dated the 18th instant, relative to the proposed Anglo-Russian loan to the Shah of Persia.

India Office, February 21, 1907.

* Not printed.

Inclosure in No. 129.

Mr. Morley to the Government of India.

(Telegraphic.) P.

India Office, February 18, 1907.

PERSIA. Loan to His Majesty the Shah. Telegram dated the 8th instant from His Majesty's Minister at Tehran.

Telegram from Sir C. Spring-Rice, dated the 14th instant, stated that, as country is quiet, and as money would probably be diverted to purposes other than that of paying troops, he and Russian Minister are agreed that moment is inopportune for loan. Should absolute necessity arise, money could be held in reserve for that purpose. With reference to question of security for loans, telegram from Spring-Rice, dated the 11th instant, stated that dispatch of following message to their respective Governments had been agreed upon by himself and Russian Minister:—

"We see great danger for customs revenue in view of M. Naus' dismissal, more particularly as seizure of revenue for National Bank is rumoured to be contemplated by Assembly. We think it desirable, seeing that this would amount to a breach of the Loan Convention, that intention of Persian Government in respect of administration of Customs should be ascertained, and that they should be asked what guarantee they are prepared to give for the non-diversion of the money on which alone loans are guaranteed. Authority to make communication in above sense is requested as soon as possible."

Authority to make communication in form of an inquiry, as suggested, with Russian colleague was given to Spring-Rice on the 12th instant. Similar instructions have been received by Russian Minister at Tehran.

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No. 130.

India Office to Foreign Office.—(Received February 22.)

THE Under-Secretary of State for India presents his compliments to the Under-Secretary of State for Foreign Affairs, and, by direction of Mr. Secretary Morley, forwards herewith, for the information of the Secretary of State, a paraphrase of a telegram to the Viceroy, dated the 18th instant, relative to the situation in Persia.

India Office, February 21, 1907.

Inclosure in No. 130.

Mr. Morley to Government of India.

(Telegraphic.) P.

India Office, February 18, 1907.

PLEASE refer to telegram dated 11th instant from His Majesty's Minister at Tehran regarding the situation in Persia. On the 12th February Sir C. Spring-Rice was informed in reply that his statements as to our inability to consent to demonstration in favour of Persian Government and against reform movement is entirely approved by His Majesty's Government. His Majesty's Government, while they recognize difficulty of Russian position, are resolved that, unless it is rendered absolutely necessary for protection of foreigners, they will not be drawn into any show of force, and that even in that case action on our part must be confined to ports for physical reasons. Russians should therefore be discouraged from making demonstration with a view to political effect, and Spring-Rice instructed to use his influence to that end.

Telegram dated the 12th February, from His Majesty's Ambassador at St. Petersburg, reported that following statement of policy of Russian Government had been received from M. Isvolsky, viz.: (1) They would abstain from all interference in Persian internal affairs; (2) Unless absolutely necessary, they would not adopt military measures, and would keep them, if adopted, within the narrowest limits possible; (3) They would act generally in close harmony with British Government, and would take no step without previously consulting that Government. On the 13th February Sir A. Nicolson was instructed in reply to say that policy stated had entire concurrence

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of, and would be faithfully observed by, His Majesty's Government, whose satisfaction he was to express.

On the 14th February His Majesty's Minister at Tehran telegraphed that following statements had been agreed upon by himself and Russian Minister: "As result of concessions made by Shah to Assembly there is general cessation of agitation. With possible exception of isolated incidents during Moharrem, no trouble to be expected, at all events for some time. Careful watch will of course be kept, but no particular danger anticipated either for Europeans or for Shah. British and Russian Ministers are acting in harmony and are in constant touch."

It has been explained to Persian Minister for Foreign Affairs by Sir C. Spring-Rice that, unless their nationals were attacked, neither Government would interfere. This has been so constantly repeated by British and Russian Ministers, that Sir C. Spring-Rice thinks it is understood by popular party. He considers, however, that we should be prepared for possibility that events in North Persia may force hand of Russian Government.

Owing to distrust of Shah's promises, there is still some excitement at Tabreez.

[5762]

No. 131.

Sir Edward Grey to Sir A. Nicolson.

(No. 25.)

(Telegraphic.) P.

Foreign Office, February 22, 1907.

WE cannot enter upon discussion of Russian proposals respecting Persia until we have received full text; they seem, however, from the summary, to be in principle in accord with what we have already put forward, and, though we shall probably have certain amendments to propose, they appear to us to provide a satisfactory basis for discussion.

In the meantime, the prospect of an eventual agreement appears to be sufficiently hopeful to justify us in communicating to the Russian Government our views with regard to Afghanistan.

You may therefore communicate to the Minister for Foreign Affairs the draft instructions, of which you are already in possession. As regards the question of direct communication between Russian and Afghan frontier officials, you should point out to M. Isvolsky that it will be necessary for us to obtain the consent of the Ameer beforehand, and that before approaching His Highness we must know what the Russian views are on this point, and how they would propose to carry them out. Owing to the sensitiveness of the Ameer, we have always regarded this question as a difficult one, and it can only be concluded as part of a general settlement in regard to the region of the Indian frontier, from which both sides will derive such security as to prevent political difficulties or apprehension arising from small incidents on the Afghan frontier.

[6282]

No. 132.

Sir Edward Grey to Sir H. Howard.

(No. 11.)

Sir,

Foreign Office, February 22, 1907.

THE Dutch Minister has told me that he is assured from Tehran that the Persian Government are willing to give the Concession with regard to irrigation in the Karun, and that the only obstacle in the way is the British objection. He is assured that, if the Concession is not secured by the Dutch, it will be given to the Dresdner Bank. The Russian Minister at Tehran has told the Dutch Minister there that he is favourable to the Concession. Should it be granted, Van Rogen, the Dutchman who is interested in it, would come over to England and get in touch at once with an English group.

The Dutch Minister asked, therefore, that we should send instructions to Tehran to say that we would be neutral in the matter, and not put any objections in the way.

I told him that I looked upon the matter as being in the same position as it was when he last spoke to me. Of late we had carefully avoided interfering about loans or Concessions, or other things of the kind in Persia, because the Assembly was very much opposed to any such things, and interference would excite a strong anti-foreign

feeling. I did not believe that the Persian Government could grant any foreign Concessions at this moment without having great difficulties with the Assembly.

The Dutch Minister told me he was assured that the Assembly would not object to this Concession.

I said I could give him no further answer at present, but I would inquire into the matters he had laid before me.

I am, &c.
(Signed) E. GREY.

[6146]

No. 133.

India Office to Foreign Office.—(Received February 23.)

Sir,

India Office, February 22, 1907.

I AM directed by Mr. Secretary Morley to acknowledge the receipt of Sir E. Gorst's letter of the 20th instant, forwarding copies of two telegrams, dated the 19th instant, from His Majesty's Ambassador at St. Petersburg relative to the negotiations with Russia.

Mr. Morley concurs in the proposal of the Secretary of State for Foreign Affairs to authorize Sir A. Nicolson to inform M. Isvolsky that the Russian proposals regarding Persia, reported in telegram No. 25, appear to be acceptable in principle, but that His Majesty's Government must reserve their final opinion until after they have seen them in writing, and that they expect after receiving them to be able to put forward certain proposals regarding Afghanistan. But Mr. Morley thinks that it will be desirable to communicate our proposals as to Afghanistan, subject to the principle laid down in Sir E. Gorst's letter of the 19th instant, that, before the question of direct communications between Russian and Afghan local officials can be considered between the two Governments, it will be necessary for us to know exactly what the Russian proposals on this point are, with a view to any recommendations we may make to the Ameer on the subject.

I am, &c.
(Signed) A. GODLEY.

[6282]

No. 134.

Sir Edward Grey to Sir C. Spring-Rice.

(No. 23.)

(Telegraphic.) P.

Foreign Office, February 23, 1907.

THE Netherlands Minister has spoken to me on the subject of the Karun irrigation scheme. He has been assured from Tehran that the Persian Government are willing to grant the Concession, that the opposition of His Majesty's Government forms the only obstacle to it, and that the Concession will be given to the Dresdner Bank if the Dutch do not secure it. He further stated that he was assured that the Assembly would raise no objection to the scheme, and that the Russian Minister at Tehran had expressed himself in favour of it. He therefore asked that His Majesty's Government should adopt a neutral attitude.

I promised to make inquiries as to the present situation with regard to this Concession, but told him that I did not believe that the Persian Government were in a position at the present moment to grant concessions to foreigners without having great difficulties with the Assembly.

Please let me know, by telegraph, how matters stand.

[6179]

No. 135.

Sir A. Nicolson to Sir Edward Grey.—(Received February 24.)

(No. 35.)

(Telegraphic.) P.

St. Petersburg, February 24, 1907.

NATIONAL Bank of Persia.

I gathered from the French Ambassador to-day that the Persian Government had been applying to Paris financial houses for assistance in form of funds and expert advice, and that he had informed the Russian Minister for Foreign Affairs that it was

possible a French financial expert might proceed to Persia to study the question on the spot. M. Isvolsky has said nothing to me in regard to this, but I will make inquiry when I next have an opportunity. The French Ambassador added that he believed the Persian Government might also apply to Germany with a like object, but that whereas if the French gave any assistance it would be a purely financial enterprise, Germany would probably ask for concessions in return.

[6177]

No. 136.

Sir C. Spring-Rice to Sir Edward Grey.—(Received February 24.)

(No. 35.)

(Telegraphic.) P.

Tehran, February 24, 1907.

BAKHTIARI road: See my telegram No. 20 and your telegram No. 12.

Consul at Ahwaz has sent me following telegram:—

"Confusion is likely to be produced, to my mind, by conflicting arrangements. I do not anticipate that anything will be done in Paris of a useful nature.

"Little of a practical nature will be derived from the Sirdar Assad, if he confines himself to mere talk, even if friendly. But, nevertheless, it would not be advisable that the Conference should be discouraged, as any failure in the future to secure satisfaction would be attributed by the Company to His Majesty's Government.

"I have no facilities for making rapid means of communication other than those enjoyed by the Company, through its agents."

[6300]

No. 137.

Sir C. Spring-Rice to Sir Edward Grey.—(Received February 25.)

(No. 36.)

(Telegraphic.) P.

Tehran, February 25, 1907.

KARUN irrigation scheme. I have received your telegram No. 23 of the 23rd February.

National Bank enjoys by terms of its Charter the sole right to Concessions. If, however, necessary capital is unable to be supplied, Charter becomes invalid.

Plans of Ahwaz Concession are now held by Dresden Bank, and National Bank in exchange for that Concession must obtain necessary capital from German Bank. Agent of the latter arrives this week.

It being difficult to secure native capital, very probably recourse will be had to foreigners; in fact, efforts have already been made to sound me respecting English share in capital of bank.

My Dutch colleague and I are of opinion that best manner of preventing German scheme would be to immediately form a Syndicate of an international character, and to dispatch a financial agent. He could negotiate at Ahwaz and here, and if we received instructions to that effect we could, in concert with our Russian colleague, give him support diplomatically. It will be very difficult to exploit the scheme if national sentiment is not strongly enlisted in the matter.

[6308]

No. 138.

Sir C. Spring-Rice to Sir Edward Grey.—(Received February 25.)

(No. 37.)

(Telegraphic.) P.

Tehran, February 25, 1907.

KARUN irrigation: See my telegram No. 36 of to-day.

Following is Confidential:—

It has been suggested by Dutch Minister that notification should be made to his Government as soon as possible, if international scheme is approved by His Majesty's Government.

My Russian colleague and I should then receive instructions to make verbal communication to Shah's Government that no objection is raised by us.

Certainly there appears to be reason to fear immediate action on the part of Germany, and the best way to bar it may be the international scheme. Of course, His Majesty's Government can insist, even if they withdraw objections, that details and plans of proposed scheme, &c., shall be communicated to them.

[6375]

No. 139.

Sir N. O'Connor to Sir Edward Grey.—(Received February 26.)

(No. 107.)

Sir,

Constantinople, February 18, 1907.

WITH reference to Mr. Barclay's despatch No. 785 of the 4th December, 1906, I have the honour to report that information has reached His Majesty's Acting Consul-General at Bagdad, from the British Consular Agent at Mosul, of the arrival in that city of the Persian and Turkish Commissioners appointed to settle the dispute with regard to the frontier in the Passova district, and also to delimit the whole boundary between the two countries.

The Joint Commission is to have its quarters in Mosul during the remaining winter months.

I have, &c.
(Signed) N. R. O'CONOR.

[6336]

No. 140.

Sir A. Nicolson to Sir Edward Grey.—(Received February 26.)

(No. 98.)

Sir,

St. Petersburg, February 19, 1907.

AFTER the conversation between M. Isvolsky and myself in regard to the Thibetan Convention had terminated, his Excellency said that he wished to speak to me with respect to our arrangement as to Persia. He might tell me that, after considerable difficulty, he had succeeded in inducing the General Staff to accept in principle the mode in which we proposed to come to an understanding, and that they had also admitted in principle the British zone of interest which had been defined by the line sketched in the *pro-memoriâ* which I had communicated to him. The paper which he had in his hands was a summary of the views of the Russian Government on the subject, and he would communicate it to me in writing as soon as he had carefully reviewed its terms and its form. He could tell me that the Russian line would run from Kuchan through Yezd and Ispahan to Kasr-el-Sherin, and that the Russian Government considered that it would be better to specify the concessions in our respective zones for which we should reciprocally abstain from requesting. They would be railways, roads, and others. At the same time, those concessions at present existing should be maintained. I interrupted M. Isvolsky at this point, and asked if by the maintenance of existing concessions he referred to the Meshed-Seistan telegraph line, as I thought it necessary to inform him that my Government attributed importance to that question being settled in accordance with our views. M. Isvolsky said that he was of opinion that the question of the two telegraph lines, Meshed-Nasratabad and Tehran-Meshed, could best be settled by a separate arrangement. I said that this might be so, but in my opinion the only solution was a transfer of the two lines to Russian and British control respectively. I inquired of his Excellency what were the other existing concessions to which he referred. He replied that the Russian Bank had several agencies in Seistan, and the customs of that province also formed a portion of the securities guaranteed for the service of Russian loans. The British advances were secured, he said, on the customs revenues of Farsistan and the Persian Gulf, while the Russian loans were guaranteed on the northern and the Seistan customs.

M. Isvolsky then said that he was anxious to be made acquainted with the proposals which we were prepared to make for an arrangement as to Afghanistan, as the Persian question was so closely related with that of Afghanistan, and the one could not be settled without the other. I told his Excellency that I was not yet in a position to communicate our proposals, but that I hoped shortly to be able to do so. His Excellency pressed me to give him a general idea of them, but I said that it would be impossible for me to do so until I could communicate them in detail; but I would be glad if he could tell me the views of the Russian Government as to the close relationship between the two questions.

[1717]

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M. Isvolsky said that he would recapitulate to me in general terms the views of the Russian Government. We had requested Russia to practically give us a free hand in Seistan, and it was probable at some future date we should carry a railway into that district. Now, the military party was of opinion that by abandoning Seistan to us an important strategical position was being ceded, and that it was necessary to examine carefully the position of Russia. It would be a very serious matter to Russia if, in addition to a railway communication, say, between Nasratabad and India, and possibly down to the southern coast, railways were also constructed from India into Afghanistan. The whole strategical *status quo* would thereby be materially altered to the great disadvantage of Russia. Afghanistan had hitherto been considered a buffer State, but supposing Great Britain was, in conjunction with the Ameer, to alter the existing relations into those of a far more intimate nature, and that the Ameer consented to British officers reorganizing his troops, and was willing to have railways constructed and roads made? Supposing, further, that differences hereafter arose between Russia and Japan, and that we, as the ally of Japan, were to take the side of that country? It was undeniable that Russia would, in the circumstances alluded to above, strategically be in a far weaker position than she was under existing conditions. He was, he said, repeating to me the views of military men, but I would see that the Persian question was closely connected with that of Afghanistan.

I replied that I understood the connection between the two questions, but I thought that there were weak points in the arguments he had placed before me. Our Agreement had in view the establishment of a state of peace, and not a possible state of war. I told him candidly that we wished Seistan to be within our zone for purely defensive reasons. M. Isvolsky interposed the remark that there was "défense active" as well as a "défense passive." As to possible railway extension into Seistan or to the coast, I would not discuss the question; and apparently as matters stood for the moment there was an Assembly at Tehran who would have a word to say in the matter. Moreover, admitting even that Russia gave us a free hand in a strategical position, we at the same time were conceding a similar advantage to Russia in other parts of Persia. The one concession balanced the other. I added that I did not quite seize the purport of his observations as to Afghanistan. As to British officers reorganizing the Ameer's troops, that did not seem probable at a time when no British officer could set foot across the frontier. I gathered that he, or the military party, was under the apprehension that we intended, or wished, to bring Afghanistan under our protection in the same manner as, say, Beluchistan. That seemed to me a far-fetched fear. He had mentioned railways, but if the Ameer were inspired with the desire to develop and open up his country, we could not prevent him from realizing such a wish.

M. Isvolsky said he understood that; but who would construct the railways, and whither would they lead? Evidently they would be built by British assistance, and would run to India. Count Benckendorff remarked that we had a Treaty with Afghanistan, and that the idea was that we should not go farther than the Treaty. I asked if it was desired that the political *status quo* should be maintained. I understood M. Isvolsky to say that this was so, and also that some arrangement should be made for regulating the relations between Russian and Afghan frontier officials, and also in regard to trade.

I said that perhaps on these points an understanding could be reached, but that I must await your instructions.

M. Isvolsky then said that there was one other matter which he wished to mention to me. Russia and Great Britain were drawing up an Agreement which would preclude either party from seeking for concessions in the zone of the other, but what about third parties? I said that I understood our original idea was that when both Governments had come to an understanding, we should severally apply to the Persian Government to engage not to allow concessions to third parties in our zones. M. Isvolsky remarked that this would be shutting the door in a considerable portion of Persia; and that we should be face to face with a similar situation to that which had arisen over Morocco. Germany would not trouble us in Seistan; but it would be necessary for Russia to come to an arrangement with her in regard to the Russian zone. Such an arrangement could only be made over the Bagdad Railway. I remarked that Teutonic activity might as well be developed in Seistan as elsewhere in Persia, and I was under the impression that as regards the Bagdad Railway the situation was that Russia, France, and Great Britain would be ready to participate in it whenever Germany made overtures for foreign assistance. M. Isvolsky replied that Russia had hitherto assumed an obstructive attitude towards the Bagdad Railway. She could withdraw this obstruction on the understanding that Germany engaged to leave her alone in her zone. I understood

M. Isvolsky to say that an arrangement in respect to the Bagdad Railway should be made "d'un commun accord."

M. Isvolsky said, in conclusion, that he considered that we had made sensible progress towards a general understanding, and he earnestly trusted that our negotiations before long would reach a satisfactory conclusion. He was happy to tell me that his discussions with the Japanese Minister were progressing amicably and smoothly, and that he was now quite satisfied with the outlook. He proposed to make three Conventions with Japan as to commerce, fisheries, and railway junctions; and also two "Actes Généraux"—one a Treaty of Arbitration similar to that which we had concluded with France, and one establishing that both Japan and Russia would observe and preserve the *status quo* in the Far East. He then thought that, humanly speaking, peace could be assured for some time to come. I said that such an arrangement would, I was sure, be most welcome to my Government, and I asked if the Japanese Government showed a favourable disposition towards it. His Excellency replied in the affirmative.

The impression which I gathered from my long interview was that the Russian Government are sincerely desirous of arriving at an arrangement with us; but that they are nervous lest our relations with Afghanistan should develop into such cordial intimacy as would lead to the Ameer coming under our direct influence to an extent which neither he nor his predecessors had hitherto permitted. The Russian Government, therefore, are desirous of obtaining, if possible, some assurance that the general character of our relations with the Ameer should undergo no radical change, and that they should, indeed, remain as they are at present. It is possible that His Majesty's Government may not feel disposed to bind themselves as to the future; but I am confident that, if no assurances at all can be given, it will be difficult, I should be inclined to say impossible, to come to a satisfactory arrangement as to Persia. I was not able to obtain a precise and clear pronouncement from M. Isvolsky as to what exactly the Russian Government required on the above point. When I communicate to him our proposals as to Afghanistan, I shall, I trust, succeed in obtaining a definite exposition of the Russian views.

I would also respectfully beg leave to recommend strongly that the favourable conditions which now prevail in regard to our negotiations should not be allowed to disappear; and though in dealing with important questions excessive haste is to be deprecated, still it would be most unfortunate if on our side any undue delay were to occur, and if the continuous course of our discussions were to be interrupted by intervals of silence. Those who are opposed to an understanding with us, and who with difficulty have been won over, would interpret any delay on our part as a sign of indifference or of suspicion, and this would injuriously affect the prospects of a favourable solution.

I have, &c.
(Signed) A. NICOLSON.

[6337]

No. 141.

Sir A. Nicolson to Sir Edward Grey.—(Received February 26.)

(No. 99.)

St. Petersburg, February 20, 1907.

Sir,

WITH reference to your telegram No. 19 of the 13th instant, relative to the attitude to be assumed by His Majesty's Government, and also to the assurances given me by M. Isvolsky as to that of the Russian Government, in regard to the situation in Persia, I have the honour to transmit copy of a letter which I addressed to his Excellency on the 14th instant. As I have received no reply from M. Isvolsky, it may, I submit, be taken for granted that he is in agreement with the information which I conveyed to you in my telegram No. 22 of the 12th instant.

I have, &c.
(Signed) A. NICOLSON.

Inclosure in No. 141.

Sir A. Nicolson to M. Isvolsky.

Mon cher Ministre,

Saint-Petersbourg, le 1^{er} (14) Février, 1907.

J'AI informé mon Gouvernement des assurances que vous avez bien voulu me donner l'autre jour au sujet de l'attitude du Gouvernement Impérial vis-à-vis de la situation en Perse, et que j'ai résumées ainsi que suit:—

Abstention de toute ingérence dans les affaires intérieures de la Perse; de ne pas prendre des mesures militaires à moins qu'elles ne soient impérativement exigées, et dans ce cas de les tenir dans les strictes limites nécessaires; avant de prendre de pareilles mesures de consulter avec le Gouvernement Britannique, et en général d'agir en plein concert avec l'Angleterre.

J'espère que j'ai bien interprété vos sentiments.

Sir E. Grey vient de me télégraphier que le Gouvernement Britannique apprécie hautement vos assurances, qu'il a reçues avec satisfaction, et de vous exprimer son parfait accord avec le point de vue du Gouvernement Impérial, que mon Gouvernement, de sa part, observera fidèlement.

Veuillez, &c.
(Signé) A. NICOLSON,

[6339]

No. 142.

Sir A. Nicolson to Sir Edward Grey.—(Received February 26.)

(No. 101.)
Sir,

St. Petersburg, February 20, 1907.

M. ISVOLSKY handed me to-day a draft Convention in regard to the future mutual relations between Great Britain and Russia, which had been drawn up by the Russian Government, of which I have the honour to transmit a copy. I did not peruse it in his presence, and accepted it without comment. I regret that I made a confusion in telegraphing yesterday between Kuhsan and Kuchan, but the misunderstanding was due to my not catching accurately the pronunciation of the names of the two places.

The preamble is identical with that of the British draft Convention, except that the word "collision" is used in the last sentence instead of word "interference."

As to Article II, I have, since dispatching my telegraphic summary of the Russian draft Convention, examined the draft which I communicated to M. Isvolsky, and I find that the definition of the British line is practically identical in both documents. The observation which I made in my telegram, in regard to the words "par les frontières de l'Afghanistan et du Béloudjistan," was therefore made without due consideration.

The final paragraph will, I presume, require some amplification and amendment. I do not know whether you would consider it necessary to specify in the Convention that the revenues of the Caspian Sea fisheries and the posts and telegraphs form securities for the British loans, but in any case it would, I submit, be right to state clearly that the customs revenues of the Fars and of the Persian Gulf are secured for the service of the British advances. As the paragraph stands there is no mention of British loans at all. I do not know whether in the Convention you would consider it desirable to mention that Mohammerah is included in the Persian Gulf ports, or to leave this debateable point alone. We could not be considered as having abandoned our views by preserving the phrase "Fars and the Persian Gulf."

There is no mention, as from my conversation with M. Isvolsky on the 18th instant I had been led to expect, of the maintenance of the existing Concessions in our respective zones. The omission to mention them, and as the Articles deal with the future, leads me to think that the Russian Government imply that such Concessions do continue to exist. M. Isvolsky apparently wishes to arrange the question of the two telegraph lines separately from the Convention. You may consider that there is no objection to such procedure. If, on the other hand, we desired that all Russian Bank agencies in Seistan, for instance, be withdrawn, the Russian Government might request that we should abandon Concessions in the Russian zone, and this might raise the question of the Indo-European and Indian Government telegraph lines, Imperial Bank, &c. It might be wiser, perhaps, to leave the question of existing Concessions alone, and restrict ourselves to finding outside the Convention a solution of the Meshed-Tehran and Meshed-Nasratabad lines. I submit this view with all diffidence. When both Governments have come to an agreement as to the Convention, I do not think there would be great difficulty in arranging as to the above-mentioned telegraph lines.

I should be grateful if you would kindly supply me with the final paragraph amended in the sense desired by His Majesty's Government, so that I may communicate it to M. Isvolsky.

I have, &c.
(Signed) A. NICOLSON.

Inclosure in No. 142.

Draft Convention communicated by M. Isvolsky to Sir A. Nicolson.

LES Gouvernements de la Grande-Bretagne et de la Russie, s'étant mutuellement engagés à respecter l'intégrité et l'indépendance de la Perse, et animés du sincère désir de maintenir l'ordre et le développement pacifique dans toute l'étendue de l'Empire Persan, aussi bien que d'établir des avantages égaux pour le commerce et l'industrie de toutes les nations, ont résolu qu'une Convention sera conclue entre eux aux termes suivants:—

Les Gouvernements de la Grande-Bretagne et de Russie reconnaissent mutuellement que chacun d'eux a, pour des raisons d'ordre géographique et économique, un intérêt spécial à maintenir la paix et l'ordre dans certaines provinces de la Perse contiguës ou voisines à la frontière Russe, d'une part, et aux frontières de l'Afghanistan et du Béloudjistan, de l'autre; et chacun des deux Gouvernements, constatant l'effet nuisible résultant des cas de friction sur place dans leurs relations avec la Perse et entre eux-mêmes, est désireux d'éviter tout motif de collision avec les intérêts spéciaux de chacun d'eux dans les provinces Persanes dont il a été fait mention plus haut.

En conséquence il a été décidé par la présente comme suit:—

ARTICLE I.

La Grande-Bretagne s'engage à ne pas rechercher pour elle-même et à ne pas appuyer en faveur de sujets Britanniques, aussi bien qu'en faveur de sujets de Puissances tierces, de concessions quelconques de nature politique ou commerciale—telles que les concessions de chemin de fer, de banques, de télégraphes, de routes, de transport, d'assurance, &c.—au delà d'une ligne partant de Kasri-Chirin, traversant Iezd et Khakh et aboutissant à la frontière Afghane près du bourg de Kuhsan, et à ne pas s'opposer, directement ou indirectement, à des demandes de pareilles concessions dans cette région, soutenues par le Gouvernement Russe.

ARTICLE II.

La Russie, de son côté, s'engage à ne pas rechercher, pour elle-même, et à ne pas appuyer en faveur de sujets Russes, aussi bien qu'en faveur de sujets de Puissances tierces, de concessions quelconques de nature politique ou commerciale—telles que les concessions de chemin de fer, de banques, de télégraphes, de routes, de transport, d'assurances, &c.—au delà d'une ligne allant de la frontière Afghane par Gazik, Birjand, Kerman, et Bender-Abbas, et par les frontières de l'Afghanistan et du Béloudjistan, et à ne pas s'opposer, directement ou indirectement, à des demandes de pareilles concessions dans cette région, soutenues par le Gouvernement Britannique.

Il est bien entendu que les revenus de toutes les douanes Persanes, à l'exception de celles du Farsistan et du Golfe Persique, garantissant l'amortissement et les intérêts des emprunts conclus par le Gouvernement du Schah en Russie, seront affectés au même but que par le passé.

[6308]

No. 143.

Foreign Office to India Office.

Sir,

Foreign Office, February 26, 1907.

I AM directed by Secretary Sir Edward Grey to transmit to you herewith copy of a telegram addressed on the 23rd instant to His Majesty's Minister at Tehran,* relative to a request made by the Netherland Minister at this Court that His Majesty's Government should adopt an attitude of neutrality towards a project for obtaining from the Persian Government in favour of a Dutch Company a Concession to utilize the waters of the Karun River for purposes of irrigation.

I am further to transmit copies of two telegrams which Sir E. Grey has received from Sir C. Spring-Rice in reply to his inquiry,† in which, as the result of consultation with the Netherland Minister at Tehran, he advocates the immediate formation of an international Syndicate to carry out the scheme as the best means of preventing the immediate action of German capitalists, and suggests that he should be instructed to inform the Persian Government that His Majesty's Government have no objection to the grant of a Concession to such a group.

I am to inquire whether Mr. Secretary Morley concurs in the adoption by His Majesty's Government of an attitude of neutrality in this matter, and I am to state that, if so, Sir E. Grey proposes to authorize Sir C. Spring-Rice to act as he suggests.

I am, &c.
(Signed) E. GORST.

[6558]

No. 144.

Sir C. Spring-Rice to Sir Edward Grey.—(Received February 27.)

(No. 38.)

(Telegraphic.) P.

Tehran, February 27, 1907.

PERSIAN National Bank: Telegram No. 35 of the 24th instant from St. Petersburg.

There is a party in the Assembly which is in favour of contracting a foreign loan for the benefit of the National Bank. The Bank, in return, would offer the lenders a share in the right to exploit Concessions conferred by its Charter.

The Persian Minister in Paris probably made the offer to the French capitalists, and when the German banker arrives here a similar offer will probably be made to him. The Russian Minister, however, is of opinion that the German Government will not give its consent.

The loan is apparently favoured by the Grand Vizier, who attempted to sound the Assembly on the subject, but the Opposition frustrated his attempt.

From a commercial point of view the proposal would, the Manager of the Imperial Bank thinks, prove attractive to foreign capitalists.

[6339]

No. 145.

Foreign Office to India Office.

Sir,

Foreign Office, February 28, 1907.

WITH reference to my letter of the 12th December, 1906, I am directed by Secretary Sir Edward Grey to transmit to you herewith copy of a despatch from His Majesty's Ambassador at St. Petersburg, forwarding, with observations, a draft Convention to regulate the relations of Great Britain and Russia in Persia, which was handed to his Excellency on the 20th instant by the Russian Minister for Foreign Affairs.‡

The preamble of this draft Convention is identical with that of the draft prepared in this Department, which was communicated to the India Office on the 12th December, 1906 (see Confidential Print, Persia, the 17th November, section 1), with the exception that in the last sentence the present instrument substitutes the word "collision" for

* No. 134.

† Nos. 137 and 138.

‡ No. 142.

the word "interference." This preamble may therefore, in Sir E. Grey's opinion, be accepted by His Majesty's Government as satisfactory.

By Article I of the Russian draft, the line defining the proposed Russian sphere of influence in Persia is drawn from Kasr-i-Shirin, through Yezd and Kakhk, to a point on the Afghan frontier near Kuhsan.

It is to be observed that, though this line would not bring Russian influence, from a geographical point of view, nearer to Herat than it at present extends, it would give the Russians access to the valley of the Heri Rud, which is clearly an easier way of reaching that place than any route at present open to them.

Sir E. Grey considers, therefore, that it should be pointed out to the Russian Government that, in the proposed preamble which M. Isvolsky has accepted, the provinces which are to constitute respectively the British and Russian spheres of influence are spoken of as "contiguous with, or in proximity to, the Russian frontier on the one hand, and the frontiers of Afghanistan and Beluchistan on the other," and that no mention is made therein of any contiguity of the Russian sphere to the Afghan frontier. The Russian Government should further be reminded that, since Great Britain is responsible for the external relations of Afghanistan, His Majesty's Government are obliged to undertake the settlement of all frontier and other questions arising between that country and Persia, and that the introduction of another Power having special interests on the Perso-Afghan frontier would tend to complicate the situation, and would thus defeat the very object of the present Convention. The Russian Government should therefore be asked to make the line bounding the Russian sphere of influence terminate, not at Kushan, but at Zulfikar, the northernmost extremity of the Perso-Afghan frontier.

It seems also desirable to demand that the town of Tehran, as the seat of the Government and the residence of the foreign Legations, should be regarded as a neutral enclave, and thus excluded from the Russian sphere of influence.

With regard to Article II, Sir E. Grey has no observations to offer, but he considers that, in order to avoid any possible ambiguity in the future, a clause should be inserted in the Convention by which all existing Conventions would be maintained. The transfer of the Meshed-Seistan telegraph line to British, and that of the Meshed-Tehran line to Russian control, might, he thinks, be effected separately, as desired by M. Isvolsky, by an exchange of notes, but the note or notes by which these transfers are arranged should be signed simultaneously with the Convention, and the Russian Government should be made clearly to understand the procedure which it is proposed to adopt.

Sir E. Grey has never contemplated any demand for the removal of the agencies of the Russian Bank in Seistan, a claim which might encourage an analogous demand for the suppression of those of the Imperial Bank of Persia in the Russian sphere, since British interests would lose much more by the latter measure than they would gain by the former.

The last paragraph of the Russian draft is clearly incomplete from the point of view of His Majesty's Government, since it omits to safeguard the revenues devoted to the service of the British loans in Persia, and Sir E. Grey would suggest the following addition:—

"Il est également entendu que les revenus des douanes Persanes du Farsistan et du Golfe Persique, ainsi que les revenus des pêcheries Caspiennes et des Postes et Télégraphes seront affectés, comme par le passé, au service des emprunts conclus par le Gouvernement du Schah avec la Banque Impériale de Perse."

There remains the question whether any provision should be made in the Convention for the eventuality of Russians being placed as Controllers of Customs in Seistan in the case of the coupon of the Russian loans not being paid.

The concluding paragraph of the Russian draft states that the revenues of the customs, with the exception of those of Fars and the Persian Gulf, will continue to be devoted to the service of the Russian loans, and it may well be argued that, so long as it can be shown that they are, in fact, devoted to that purpose, it is a matter of indifference to the Russians by whom they are collected. The eventuality contemplated, though unlikely to be realized in the immediate future, is yet a possible one, and I am to suggest that it might be well to announce to the Russian Government that, in the event of the necessity arising, Great Britain will be ready to undertake the collection and remission to them of the due proportion of the customs revenues in the British sphere of influence which, under the existing contracts, may be affected to the service of the Russian loans. At the same time, the Russian Government might

be informed that His Majesty's Government would agree to a similar arrangement in regard to revenues pledged to British loans within the Russian sphere.

I am to invite Mr. Secretary Morley's consideration of the inclosed despatch and draft, in the light of the foregoing remarks, and I am to request that Sir E. Grey may be favoured, at as early a date as may be possible, with any observations which he may have to offer on the subject.

I am, &c.
(Signed) E. GORST.

[6336]

No. 146.

Foreign Office to India Office.

Sir, *Foreign Office, February 28, 1907.*
WITH reference to my letter of to-day, I am directed by Secretary Sir Edward Grey to transmit to you herewith copy of a despatch from His Majesty's Ambassador at St Petersburg,* reporting a conversation with the Russian Minister for Foreign Affairs relative to the negotiations at present in progress for the conclusion of an Agreement to regulate the relations of Great Britain and Russia in Persia and Afghanistan.

Sir E. Grey would be glad to receive any observations which Mr. Secretary Morley may have to offer as to the questions discussed on this occasion by Sir A. Nicolson and M. Isvolsky.

I am, &c.
(Signed) E. GORST.

[6816]

No. 147.

Sir A. Nicolson to Sir Edward Grey.—(Received March 1.)

(No. 37.)

(Telegraphic.) P.

St. Petersburg, March 1, 1907.

PERSIAN situation.

Last night the Minister for Foreign Affairs expressed to me his anxiety as to the state of things, and intimated that the Shah desired some measures to be taken on the frontier by Russia, as certain districts adjoining the Caucasus were among the most disturbed. M. Isvolsky said that steps had already been taken by the Russian Government to prevent revolutionaries from crossing into Persian territory from the Caucasus. He added that it would be necessary to consult with the military authorities before he could say what other measures were possible. He again expressed his intention of confining measures within the narrowest limits possible, and of consulting His Majesty's Government prior to any action. He suggested it would be well if our respective Governments were to come to an agreement beforehand as to what measures should be taken in case events necessitated action on our part. I told him that we should be obliged to confine ourselves to the protection of British subjects in the ports of the Persian Gulf. He said he would like to be acquainted with views of His Majesty's Government, and would let me know later what Russian Government proposed.

He said that it was stated that the proposed National Banks wished to take all customs revenues, and he thought objection should be raised to this. I agreed with him, but said it was a subject on which I had no positive information.

[6954]

No. 148.

Sir C. Spring-Rice to Sir Edward Grey.—(Received March 2.)

(No. 11.)

(Telegraphic.) P.

Tehran, March 2, 1907.

CHRISTIAN missions in Persia.

I have received a promise from the leading Mujtcheds that they will protect non-Mussulmans in Persia to the best of their ability, but they ask that the non-Mussulmans on their side may be warned not to excite Mussulman feeling.

* No. 140.

[6950]

No. 147*.

Sir C. Spring-Rice to Sir Edward Grey.—(Received March 2.)

(No. 40.)

(Telegraphic.) P.

Tehran, March 2, 1907.

SEE Reuter's telegram on the subject of the Persian National Bank.

The Bank has now concluded an Agreement by which it is to advance immediately to the Government a small sum in cash (which it is now in a position to do) for necessary expenses, and a total advance amounting to 400,000L., part of which is payable in Government paper, now much depreciated in value. A sum of 40,000L., drawn from the proceeds of the southern customs, will be paid as interest, and all Government revenues will be payable to the Bank.

On the payment of the money the Bank Charter will immediately come into effect. As a measure of precaution I have addressed an official note to the Persian Government, informing them that we shall hold them strictly to the letter of previous engagements.

It looks as if the above Agreement had been made after consultation with the Russian Bank.

[1717]

2 M*

Please convey a warning to the Missionary Societies that their missions in Persia should be careful to do nothing contrary to Mussulman law, and that the safety of all Christians in Persia may be endangered by proselytizing among Mussulmans.

Please add that this advice is given on my own personal responsibility.

[6969]

No. 149.

Sir A. Nicolson to Sir Edward Grey.—(Received March 4.)

(No. 106. Confidential.)

Sir,

St. Petersburg, February 24, 1907.

IN the course of a conversation this afternoon with the French Ambassador, he mentioned to me that he understood that the Persian Government were, on the initiative of the Tehran Assembly, desirous of establishing a national bank, and that they would have to solicit funds and assistance from abroad. He might tell me that application had been made in Paris, both as to supplies of funds and for expert advice, and that he had informed M. Isvolsky that it was possible that a French financier might visit Persia to make some inquiries on the spot. Of course, if any French financial houses undertook the project, it would only be a purely financial enterprise. His Excellency went on to say that, as the prospect of an Anglo-Russian accord would not be agreeable to the Persians, they would also possibly apply to Germany, who would be ready doubtless to assist them, but would ask for some concessions in return.

I told M. Bompard that it was always possible that the Persians, in the usual Oriental method, would, when they found that two former rivals were coming to an agreement to act in concert, seek the sympathy of a third Power. As to financial questions, it should be remembered that Persia was indebted to Russia and Great Britain roughly to the amount of some 4,000,000/., and that practically all her substantial and available revenues were pledged to the service of these loans. The Persians would perhaps wish to free themselves from this indebtedness, but they could not find the money themselves, and I did not quite see the advantage which would accrue to them by endeavouring to substitute one creditor for another. As to concessions, none, I believed, could be granted without the consent of the Chamber, and that Assembly, so far as I was aware, was little disposed to grant any to foreigners.

I do not know whether any serious steps have been taken in Paris by the Persian Government, and I will inquire of M. Isvolsky what he has heard on the subject. I did not pursue the matter with my French colleague, but I telegraphed to you the substance of his remarks in my telegram No. 35 of to-day's date.

I have, &c.

(Signed) A. NICOLSON.

[7145]

No. 150.

India Office to Foreign Office.—(Received March 4.)

THE Under-Secretary of State for India presents his compliments to the Under-Secretary of State for Foreign Affairs, and, by direction of Mr. Secretary Morley, forwards herewith, for the information of the Secretary of State, copy of a telegram to the Viceroy, dated the 13th February, relative to the appointment of a second signaller to the telegraph office at Meshed.

India Office, March 2, 1907.

Inclosure in No. 150.

Mr. Morley to Government of India.

(Telegraphic.) P.

India Office, February 13, 1907.

I APPROVE arrangement regarding signaller for Meshed proposed in your telegram of the 16th ultimo.

[1717]

2 N

[7147]

No. 151.

India Office to Foreign Office.—(Received March 4.)

THE Under-Secretary of State for India presents his compliments to the Under-Secretary of State for Foreign Affairs, and, by direction of Mr. Secretary Morley, forwards herewith, for the information of the Secretary of State, a paraphrase of a telegram to the Viceroy, dated the 28th ultimo, relative to the Anglo-Russian negotiations.

India Office, March 2, 1907.

Inclosure in No. 151.

Mr. Morley to Government of India.

(Telegraphic.) P.

India Office, February 28, 1907.

ANGLO-RUSSIAN negotiations.

Please refer to my telegram of 2nd November, 1906.

Summary of Russian proposals regarding Persia, of which we have not yet received full text, is as follows:—

"British line to run from Bunder Abbas through Kerman, Birjand, and Gazik to frontier of Afghanistan; Russian line from Kasr-i-Sharin through Ispahan, Yezd, Kokh, to Afghan frontier near Kushan. Reciprocal engagement to be made by each country not directly or indirectly to oppose concessions supported by the other country in its own zone; and not to seek for itself, or support its own subjects, or subjects of a third Power in seeking any commercial or political concessions, e.g., roads, transport, insurance, banks, railways, telegraphs, &c., in the sphere of the other. Customs throughout Persia will continue to be guarantee for Russian loans, except those of Fars and Persian Gulf. Equal opportunity for industry and commerce to all nations, as well as independence and integrity of Persia, are mentioned in preamble."

Full text of Russian proposals will be awaited by His Majesty's Government. Sir A. Nicolson, has, however, been informed in the meantime that, though on certain points amendments may be required, summary appears in principle to furnish satisfactory basis for discussion, and that prospect of eventual agreement seems to His Majesty's Government to be such as to justify them in communicating their views about Afghanistan to Russian Government. Instructions therefore sent to Ambassador, who carried them out on the 23rd instant, to communicate to Russian Minister for Foreign Affairs draft instructions which were communicated to you in letter, dated the 14th September, 1906, from Political Secretary, India Office. Sir A. Nicolson explained to Isvolsky that proposals are merely outline of our views, and not draft project of Convention, and that, before we can approach Amcer, whose consent we shall have to obtain, it will be necessary for us to know views of Russian Government in regard to direct communication between Russian and Afghan officials.

[7227]

No. 152.

India Office to Foreign Office.—(Received March 4.)

IN reply to Foreign Office letter of the 26th February, the Under-Secretary of State for India presents his compliments to the Under-Secretary of State for Foreign Affairs, and, by direction of Mr. Secretary Morley, forwards herewith, for the information of the Secretary of State, copy of a telegram to the Viceroy, dated the 1st March, relative to the Karun irrigation scheme.

India Office, March 4, 1907.

Inclosure in No. 152.

Mr. Morley to the Government of India.

(Telegraphic.) P.

India Office, March 1, 1907.

PLEASE refer to my telegram of the 31st October, 1906: Karun irrigation scheme.

In view of decision of His Majesty's Government not to advance money to Persian Government, I have agreed to proposal of Secretary of State for Foreign Affairs to approve suggestion made in telegram, dated the 25th February, from His Majesty's Minister at Tehran that international scheme should be approved, and that British and Russian Ministers should orally inform Persian Government that they have no objection to it.

[7230]

No. 153.

Sir C. Spring-Rice to Sir Edward Grey.—(Received March 4.)

(No. 42.)

(Telegraphic.) P.

Tehran, March 4, 1907.

PERSIAN situation. Sir A. Nicolson's telegram No. 37.

I have seen my Russian colleague, and we are agreed that a strong anti-dynastic and anti-foreign movement does exist, though it is not directed as yet against foreigners personally. In these circumstances we think that it is as well to be prepared.

So far all is quiet, and neither lives nor property are menaced, so that there is no ground for intervention on that score. It might be difficult for Russia to refuse to intervene in case of an outbreak, and the Shah has asked the Russian Minister what steps his Government would take in such an event. Half measures on the part of Russia might have very serious consequences, and if Russia is going to intervene she should be prepared for a military occupation.

I have told my Russian colleague that I will use such influence with the popular party as I possess to impress on them that it would be dangerous to drive the Shah to extremities, and that I will maintain my attitude of non-intervention. M. Hartwig was of opinion that the only action contemplated at present was a demonstration on the frontier, and that this would be delayed up to the last possible minute.

The danger to Russia of a revolutionary movement on the frontier and her obligations to the Shah make parallel action with the Russians rather difficult, since these incentives to intervention do not apply to us. The campaign against our bank is our chief preoccupation at present.

[5752]

No. 154.

Foreign Office to India Office.

Sir,

Foreign Office, March 4, 1907.

I AM directed by Secretary Sir Edward Grey to acknowledge the receipt of your letter of the 19th ultimo, forwarding copy of a letter from the Government of India giving an account of the proceedings of Major Morton, R.E., the officer deputed by them to proceed to Arabistan and examine the scheme devised by M. van Roggen for the irrigation of the Karun Valley.

Sir E. Grey notes that Major Morton has lately been employed upon the preparation of an alternative project which, it is calculated, will not be complete before the end of May next, and that the total expense which will, by that date, have been incurred in connection with his mission since January 1905 will amount, at the rate of 170l. a-month, to 2,890l.

I am to point out that in Sir E. Gorst's letter of the 13th December, 1904, it was stated that, in the opinion of the Marquess of Lansdowne, His Majesty's Government only required an expert opinion as to (1) whether and to what extent M. van Roggen's scheme would affect the navigation of the Karun, and (2) whether it contained the elements of success.

It was on the understanding that Major Morton's investigations would be confined to these points that Lord Lansdowne undertook to defray a moiety of the cost of the mission, which, it was calculated, would last about six months, and Sir E. Grey fully admits the

liability of this Department under that head, which, it is understood, amounts to between 400*l.* and 500*l.*

A copy of Major Morton's report on the scheme, which was entirely unfavourable to it, was forwarded to this Office on the 30th October, 1905, and I am to state that, in Sir E. Grey's opinion, the pecuniary liability of the Department in connection with this mission must be held to terminate with the completion of that report, and cannot be extended to expense incurred in the preparation of an alternative project which was undertaken without previous consultation with the Department and for which they never accepted any responsibility.

I am, &c.
(Signed) E. GORST.

[7334]

No. 155.

Sir C. Spring-Rice to Sir Edward Grey.—(Received March 6.)

(No. 43.)

(Telegraphic.) P.

SITUATION in Persia.

Tehran, March 5, 1907.

At Tabreez a prominent supporter of the Assembly has been murderously assaulted, and at Resht a disturbance has occurred.

Men from Tabreez have been brought in by the Shah, but they cannot be trusted. The people here are drilling and forming a sort of civil guard. It is feared that an attack on the Assembly is contemplated by the Shah, and it is said that His Majesty counts on Russian support in the event of the attack failing. I have received solemn assurances from the members of the Assembly and the Mujtehed that the popular party will in no case take the aggressive, and that foreigners will be protected.

Neither foreign interference nor the threat of it is yet justified, and I am strongly of opinion that it would have a bad effect.

An excellent effect has been produced by your answer in the House of Commons. I would ask that the text of any future answer on Persian affairs be telegraphed to me *en clair*.

[7335]

No. 156.

Sir C. Spring-Rice to Sir Edward Grey.—(Received March 5.)

(No. 44. Secret.)

(Telegraphic.) P.

Tehran, March 5, 1907.

RUSSIAN intervention is desired by the Shah and his supporters. In Tehran it is believed that the Shah is expected to look after his own capital, while the Russians have promised help at Tabreez and Meshed. It is said that the Russian Bank has promised money for the Tehran troops, but their allegiance is very doubtful. I have impressed on the leaders of the popular movement that no help must be expected from us, and have advised them, in case the people are attacked without provocation, to address a Petition to all the Legations for publication. All possible steps, I fear, are being taken to force the Russian Government's hand.

The general belief is that Russia will take action in Khorassan, but Tabreez reports a strong Russian force on that frontier.

[7419]

No. 157.

Sir Edward Grey to Sir C. Spring-Rice.

(No. 26.)

(Telegraphic.) P.

Foreign Office, March 6, 1907.

PLEASE ascertain if there is any truth in a statement, reported by "Daily Mail" correspondent at Tehran, that German Government are claiming indemnity of 5,000*l.* for the murder of a German missionary, which took place in Azerbaijan on the 18th ultimo, and that they will occupy coal land on Turkish frontier, near Bagdad, failing satisfaction.

[7230]

No. 158.

Foreign Office to Admiralty.

(Confidential.)

Sir,

Foreign Office, March 6, 1907.

I AM directed by Secretary Sir Edward Grey to transmit to you herewith, for the information of the Lords Commissioners of the Admiralty, copies of cyphered telegraphic correspondence which has passed between him and His Majesty's Representatives at St. Petersburg and Tehran relative to the political situation in Persia,* from which it will be observed that, though at present there is no necessity for any intervention on the part of His Majesty's and the Russian Governments for the protection of the lives and property of foreigners in that country, yet such a necessity may not improbably arise in the near future.

In such a case, it appears to Sir E. Grey that the action of His Majesty's Government would have to be confined to taking measures for the maintenance of order in the ports of Southern Persia, so as to insure the safety of British lives and property there, through the agency of His Majesty's ships, and he trusts that their Lordships will take the matter into their consideration, with a view to preparations being made for this eventuality.

Sir E. Grey is further of opinion that, apart from the question of the protection of British interests, it is desirable to be in a position to send ships immediately, and show the British flag at a port, or ports, on the southern coast of Persia in the event of Russian troops crossing the northern frontier of that country.

I am, &c.
(Signed) E. GORST.

[7467]

No. 159.

India Office to Foreign Office.—(Received March 7.)

THE Under-Secretary of State for India presents his compliments to the Under-Secretary of State for Foreign Affairs, and, by direction of Mr. Secretary Morley, forwards herewith, for the information of the Secretary of State, paraphrase of a telegram from the Viceroy, dated the 6th instant, regarding negotiations with Russia about Persia.

India Office, March 6, 1907.

Inclosure in No. 159.

Government of India to Mr. Morley.

(Telegraphic.) P.

March 6, 1907.

YOUR telegram dated the 28th ultimo. Russian draft Agreement as to Persia.

Is it to be understood, with reference to sphere of concessions in Persia, that limits of provinces will be followed, or that lines proposed will be drawn on map as indicated? We would point out in the former case that Russia would be carried far to south by following limits of Yezd and Ispahan, and that her sphere would descend to Ram Hormuz, which is in dangerous proximity to ports at head of Gulf and on Karun, if Bakhtiaris can be claimed by her as dependency of Ispahan. This is probably not intended, since, if it is, two lines north of joint boundary of Kerman and Yezd would be unnecessary. We venture to suggest, however, that complete clearing up of this point might be desirable.

Exclusion of Kain from British sphere will be awkward, and, if possible, we should prefer to exclude all Russian influence from Kainat by drawing line in desert north of Kain. Opportunity of strengthening our position in Arabistan is perhaps given by present discussion on Karun Irrigation Concession, and we trust measures may

* Nos. 86, 92, 99, 101, 104, 147, 153, 155, and 156.

be taken to prevent the ousting of our influence there in favour of foreign Power having interests opposed both to ourselves and Russia. It might be easier to secure concession in question for Sheikh than for foreign Syndicate as charter giving exclusive right to concession is now to be obtained by National Bank.

(Repeated to Tehran.)

[7543]

No. 160.

India Office to Foreign Office.—(Received March 7.)

Sir,

India Office, March 7, 1907.

I AM directed to acknowledge the receipt of Sir E. Barrington's letter of the 28th ultimo, stating that the Secretary of State for Foreign Affairs will be glad to receive Mr. Secretary Morley's observations on the questions discussed between His Majesty's Ambassador at St. Petersburg and the Russian Minister for Foreign Affairs in the conversation recorded in the former's despatch No. 98 of the 19th ultimo.

2. So far as the conversation dealt with details of the Russian draft Agreement as to Persia, Mr. Morley has nothing to add to what is said in my reply of the 7th March to Sir E. Barrington's letter of the 28th ultimo, except that it appears to him that the stipulation in the draft as to the attitude of the two Governments towards Concessions sought in their respective zones by third parties meets the point raised by M. Isvolsky as to German interests.

3. As regards the question of policy underlying the Agreements concerning Persia and Afghanistan, Mr. Morley observes that, in Sir A. Nicolson's opinion, it will be difficult, if not impossible, to arrive at a settlement in respect of Persia, unless His Majesty's Government give Russia assurances that our future relations with the Ameer shall undergo no radical change, and shall, indeed, remain as they are at present. M. Isvolsky in this connection had referred specially to the disturbance of the strategic *status quo* to the great disadvantage of Russia—

(1.) If railway communication were established between Nasratabad and India;

(2.) If railways were carried from India into Afghanistan and our existing relations with Afghanistan, which had hitherto been considered a "buffer State," were given a far more intimate nature, as would result from the Ameer employing British officers to reorganize his army, and developing railways and roads with British assistance.

4. Mr. Morley concurs in the language held by Sir A. Nicolson on both these points.

5. As regards the first, Mr. Morley would not be disposed to entertain any request for a pledge not to construct railways in British territory. But, with reference to construction in Persian territory within the British zone, Mr. Morley, subject to Sir E. Grey's opinion, sees no objection to informing the Russian Government that we would undertake not to apply to the Persian Government for Railway Concessions in our zone provided the Russian Government gave a similar undertaking as to the eastern portion of their zone, and provided no railway were constructed in Persian territory outside the two zones by Russia or a third party in a manner to threaten our interests. Nor does Mr. Morley see any objection to informing the Russian Government that, while we retain all necessary liberty of action in our own territory, it is not our intention to extend the Nushki Railway to the neighbourhood of the Persian border, except in the contingency of our interests in Scistan being threatened.

6. As regards the maintenance on their present footing of our relations with the Ameer, Mr. Morley would remark that Afghanistan has something more than the status of a "buffer State" assigned her by M. Isvolsky, by reason of the special position we have long occupied under our Treaty with Persia of 1857, and our engagements with successive Rulers of Afghanistan ending with the Cabul Treaty of the 21st March, 1905. The right we possess of guiding the Afghan Government in all matters of external policy, which the Russian Government is required to acknowledge by Article 1 of the draft Instructions to Sir A. Nicolson, should furnish a sufficient guarantee that, so long as friendly relations exist between the British and Russian Governments, we shall not knowingly permit the Ameer to adopt measures menacing to the security of the Russian districts adjoining the Afghan border. The contingency that any Ameer of Afghanistan will ever, unless threatened with foreign aggression, ask for the loan of British officers to organize his army, or for our assistance in constructing railways from the British

border into Afghanistan, is apparently remote, as also is the contingency that any British Government will take action of the kind contemplated if satisfactory Agreements with Russia as to Persia and Afghanistan are in force. But, while there can be no objection to making an emphatic declaration of our intentions, to give pledges as to our action in the event of such contingencies arising would be to modify the *status quo* by altering the nature of our relations with the Ameer and might result in a change of his present friendly attitude.

7. Similar considerations appear to Mr. Morley to govern the question of the development of the internal resources of Afghanistan by the Ameer with British assistance, especially by railway construction, to which M. Isvolsky particularly referred. I am to inclose copy of telegraphic correspondence with the Viceroy, from which it will be seen that Mr. Morley has assented to the Ameer's employing, among other experts, Mr. Johns of the Indian Public Works Department to advise as to the construction of a railway northward from Cabul, some 40 miles in length, to the coal mines at Ghorband, with a possible extension to Jabal Siraj, a post on the southern slope of the Hindu Kush recently fortified by the Ameer. To have refused the Ameer's request for professional assistance in a matter not affecting his external relations would have been inconsistent with the course of action constantly followed by His Majesty's Government in their relations with both the late and the present Ameer as regards the employment of British expert advisers. Nor would the Government of India have had any *locus standi* for interfering if, as the result of a refusal on their part, the Ameer were to engage foreigners such as the M. Dreshler mentioned in the Viceroy's telegram of the 2nd instant.

8. In view of these considerations, Mr. Morley would be opposed to giving any pledge the effect of which would be to impair our relations with the Ameer. But he would suggest, for Sir E. Grey's consideration, whether, if the Russian Government are not satisfied with explanations and assurances in the sense of paragraph 6 above, the difficulty might not be met by adding to Article 1 of the draft Instructions words to the effect that His Majesty's Government will exercise their guidance of the Afghan Government in matters of external policy with a view to maintaining good relations between Afghanistan and Russia.

I am, &c.
(Signed) A. GODLEY.

Inclosure 1 in No. 160.

Government of India to Mr. Morley.

(Telegraphic.) P.

February 20, 1907.

AFGHANISTAN. For some months past Ameer has been taking steps with the object of securing experts (1) to work his coal mines in Ghorband, (2) to examine mineral wealth of country.

For former purpose he is engaging a non-official from Bengal coalfields. For the latter, he has asked for the services of Mr. H. H. Hayden, Geological Survey, whom he wishes to join on the 28th instant at Peshawar. On journey to Poona he discussed matter fully with Hayden. Ameer apparently wishes to keep latter for considerable time, but no agreement has yet been definitely executed. Subject to your concurrence, we propose to give Hayden permission to proceed, and terms arranged will in due course be reported to you.

Inclosure 2 in No. 160.

Mr. Morley to Government of India.

(Telegraphic.) P.

India Office, February 28, 1907.

AFGHANISTAN. Proposals as to coal mines and minerals made by Ameer. Your telegram dated the 20th instant.

Assistance in engaging suitable servants may be promised to Ameer. Having regard, however, to contingencies of Ameer's death, accidents, disturbance, and risk that Russian suspicions may be aroused, it is desirable that they should be supplied gradually, and no addition to Hayden should, in my opinion, be made from official ranks.

Inclosure 3 in No. 160.

Government of India to Mr. Morley.

March 1, 1907.

(Telegraphic.) P.

AMEER'S visit. Ameer reached Kurrachee the 27th ultimo, after pleasant voyage in "Dufferin," escorted by "Highflyer." Ameer negotiated with Treacher and Co. before leaving Bombay for purchase of arms. He also asked Treacher and Co. to arrange for a wine-making expert, as he contemplates making wine for export out of Afghan grapes.

Inclosure 4 in No. 160.

Government of India to Mr. Morley.

March 2, 1907.

(Telegraphic.) P.

INSTRUCTIONS regarding experts for Ameer, conveyed in your telegram dated the 28th ultimo, have been noted.

Telegram from Sir H. McMahon states that he has been repeatedly reminded by Ameer about railway engineer, whom latter is most anxious to get as soon as possible. Mr. Johns, whose work with Scistan Mission was so good, is suggested by Sir H. McMahon. Ameer is clearly determined to make railways for his coal mines, and, if we do not meet his wishes in the matter, we are seriously apprehensive that his worst suspicions may be excited. Strictly British nationality of expert sent to advise on railway matters between Cabul and Hindu Kush is also a point which it is of the utmost importance for us to insure. Results might be disastrous if, in consequence of our refusing to give him an expert, Ameer engages a foreigner, as he could do to-morrow. We could not prevent Ameer engaging Dreshler, a German expert of thoroughly German sympathies, who is now in India, and who, as a matter of fact, is most anxious to go. Johns is a civil engineer, and Russian susceptibility ought not therefore to be unduly excited; we have complete confidence in his skill, judgment, and tact, and, with all possible respect, we beg to be allowed to send him as railway engineer.

As regards other experts, if Ameer accepts them, we will gradually provide non-officials or Indians. Besides Thornton, the tanner, Ameer already has in Afghanistan Holliday, general engineer, and Donovan, electrical engineer. Non-official coal-mining engineer, wine expert, and chauffeur have been engaged by him here; so that neither in the event of disturbance nor in the matter of exciting comment would one more civilian make much difference. There were a considerable number of Europeans at Cabul in Abdur Rahman's time; and from December 1904 to March 1905, at a period when there was much more likelihood of fanatical attack, there were seventeen Europeans there moving freely about the place.

We confidently recommend, in any case, that risk should be taken, in view of the important advantage to be derived by deputation of expert in railway engineering.

Inclosure 5 in No. 160.

Mr. Morley to Government of India.

India Office, March 4, 1907.

(Telegraphic.) P.

EXPERTS for Ameer. Your telegram dated the 2nd instant.

I assent to railway engineer, though I do not attach so much importance as you do to Ameer's suspicions. As little as possible should be said about the matter.

[7539]

No. 161.

India Office to Foreign Office.—(Received March 7.)

Sir,

India Office, March 7, 1907.

I AM directed by Mr. Secretary Morley to acknowledge receipt of Sir Eric Barrington's letter of the 28th ultimo, forwarding, for his observations, the draft Convention to regulate the relations of Great Britain and Russia in Persia, which was handed to Sir A. Nicolson by the Russian Minister for Foreign Affairs on the 20th ultimo.

With regard to the preamble, Mr. Morley concurs in Sir E. Grey's view that it may be accepted as satisfactory by His Majesty's Government.

As to Article I, Mr. Morley attaches much importance to Sir E. Grey's proposal to ask the Russian Government to make the line bounding the Russian sphere of influence terminate at Zulficar. It is not only by the Treaty with the Ameer of Afghanistan that His Majesty's Government are obliged to undertake the settlement of all frontier and other questions arising between that country and Persia, but they have also obligations under the VIth Article of the Treaty with Persia of the 4th March, 1857; and it is most desirable, with a view to the avoidance of future complications, that no part of the Perso-Afghan frontier should be within the Russian sphere. As to the exclusion of Tehran also, Mr. Morley agrees with Sir E. Grey's views.

Respecting Article II, Mr. Morley sees no objection to the transfer of the Meshed-Seistan telegraph line being effected separately by a simultaneous exchange of notes, provided it be well understood that an arrangement of the nature proposed is a condition *sine quâ non* to the signature of the Convention.

With this exception, Mr. Morley agrees that it would be inadvisable to propose any interference with existing Concessions.

Mr. Morley further concurs in the addition to Article II, proposed for the purpose of safeguarding the revenues devoted to the service of British loans in Persia, and in the proposal to announce to the Russian Government that, in the event of the necessity arising, Great Britain will be ready to undertake the collection and remission to them of the due proportion of any customs revenues in the British sphere of influence, which, under the existing contracts, may be affected to the service of the Russian loans, and to inform the Russian Government reciprocally that His Majesty's Government would agree to a similar arrangement in regard to revenues pledged to British loans within the Russian sphere.

I am, &c.
(Signed) A. GODLEY.

[7532]

No. 162.

Sir C. Spring-Rice to Sir Edward Grey.—(Received March 7.)

(No. 46.)

(Telegraphic.) P.

Tehran, March 7, 1907.

KARUN irrigation scheme.

I am assured by the Sheikh of Mohammerah's agent that the irrigation works will be undertaken by the Sheikh himself, and that expert advice will be the only form of foreign participation that he will admit.

[8080]

No. 163.

Sir Edward Grey to Sir A. Nicolson.

(No. 101.)

Sir,

Foreign Office, March 7, 1907.

COUNT BENCKENDORFF came to see me to-day on his return from Russia.

He was very pleased with the progress which had been made with our negotiations at St. Petersburg, and I said I was sure his own visit to St. Petersburg had been a most useful one. I felt that his influence in the negotiations had been beneficial.

I then told him that we were sending our reply to the Russian proposal with regard to Persia. I observed that the sphere which they claimed was a very large one, and that it included Tehran. This was a matter of very great importance, as the fact that Tehran was in the Russian sphere was bound to increase Russian prestige there. And yet it was at Tehran, the seat of the Central Government, that any influence we might require would have to be exercised, even in connection with concessions or other matters relating to our own sphere only.

Count Benckendorff admitted the point, and said that, owing to the situation of Tehran, he did not see how it could be otherwise than in the Russian sphere.

I said that, of course, I saw the difficulty. But none the less, it was a consideration to be borne in mind. This was not, however, the vital point to which I wished to refer.

I then explained that, in consequence of our obligations to Afghanistan with regard to frontier matters, and to Persia under our Treaty of 1857 with regard to the

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Perso-Afghan frontier, it was impossible, without great complications, to place a piece of the Perso-Afghan frontier within the Russian sphere. To do so would also complicate arrangements for direct communication with Afghan officials on local frontier matters. It might be that Customs officials, or doctors, or persons of that kind, would have to be placed by the Russians in their own sphere; and if such persons appeared on the Perso-Afghan frontier, our difficulties would be greatly increased. Therefore, it was vital that the Russian line should start, not from Kuhsan, but from Zulficar, and so avoid bringing any part of the Perso-Afghan frontier into the Russian sphere.

Count Benckendorff did not seem to anticipate that there would be difficulty about this, and appeared relieved that this should be the main point to which I attached capital importance.

I also explained what we should have to propose with regard to Customs officials in our sphere if Russia had to foreclose the security for her loans. With regard to the Meshed-Seistan telegraph-line, I agreed that the transfer might be dealt with in a separate note, provided it was done simultaneously with the main Agreement.

Count Benckendorff saw no difficulty on either of these points.

He said M. Isvolsky thought it might be necessary to take measures on the northern frontier of Persia to prevent revolutionaries crossing from the Caucasus; but he was determined to keep us informed of anything that was done, and to act in concert with us. Count Benckendorff spoke most warmly of the co-operation between us which had existed lately, and of the advantage of continuing it.

I cordially agreed, and observed that co-operation had only been arranged just in time, for had it not been arranged before the recent disturbances in Persia began there would have been trouble. At one time we might have increased our prestige enormously by becoming the champions of the popular party, and great self-restraint had been necessary on our part to prevent this being thrust upon us. As to interference now, I understood that the Shah might desire foreign help against his own people, but such intervention from outside would be dangerous. To this Count Benckendorff entirely assented.

This part of our conversation ended without the expectation on either side that there would be any difficulty in coming to a settlement on the Persian question.

Count Benckendorff then referred to Afghanistan.

I explained the impossibility of our making any proposals about frontier officials and local communications till we had sounded the Ameer, who would naturally be very suspicious.

Count Benckendorff referred to the Russian apprehension of any change in the status of Afghanistan. The Russians were afraid that an Afghan army, commanded and trained by British officers, would be a danger. They were, therefore, very anxious that we should undertake some engagement on the subject.

I told him that I could without reserve assure him that we had no intention or desire of penetrating into Afghanistan, or changing its present status. We did not intend to send British officers into Afghanistan, nor had the Ameer asked for any. During his visit to India we had made no political proposals to him, and he had made none to us. The object of the visit, so far as we were concerned, was to prove to the Ameer that we were very good friends to him, but friends who asked nothing from him, and that he had not been asked to India in order that we might make demands upon him.

But I foresaw that it would be very difficult for us to undertake any engagements about Afghanistan. There were very turbulent tribes on our own frontiers, such as the Afridis and Waziris. There would probably be no trouble under the present Ameer, but it was always possible that some Ameer less wise might stir up the frontier tribes within our own borders, and assume an aggressive attitude which would require measures on our part.

Count Benckendorff admitted the force of this, and said perhaps some form of words might be devised by which we should engage not to do anything unless the Ameer took action which rendered measures necessary on our part. But the suggestion was very vague, and I did not think it desirable to pursue the point any further.

Count Benckendorff admitted that the Ameer could not be prevented from taking measures of his own to develop his country. He was aware of our general ideas about Afghanistan on other matters, and seemed sanguine of an agreement.

We then spoke of the Bagdad Railway.

I explained that Count Metternich had complained to others, though not to me, that our attitude towards the railway was an obstacle to good relations. I therefore

intended to say to him that I thought it was not fair to make a grievance of our opposition to the Bagdad Railway, while Germany refrained from making any proposals to us with regard to it.

Count Benckendorff asked me whether we would initiate any proposal, and I said, "No." I meant to confine my statement to the point that, if Germany felt the Bagdad Railway to be a political difficulty, it was for her to make a proposal.

Count Benckendorff said that M. Isvolsky's attitude was that he would prefer that the railway should not be made. But if it was to be made, the situation must be accepted, and the best terms must be made.

I told him I thought the railway would be made in the long run. If it became a through route from sea to sea, it was obvious that all the Powers—Russia, France, and ourselves, as well as Germany—would be affected by it, and would be concerned in it. If, therefore, Germany made any proposal, I would say that I thought it should include an arrangement with Russia. But I assumed that the German Government were already aware of M. Isvolsky's views.

Count Benckendorff further said that he hoped we would co-operate in the Balkans. The Russian Government had, after some difficulty, accepted the principle that judicial reform should be worked out through the Financial Commission.

I said we had but one end in view, and that was to promote a better state of things in Macedonia. The situation was becoming difficult here, because the Balkan Committee, who were not Chauvinists, but quite the contrary, were pointing out that things in Macedonia were getting no better. I was afraid this was true. We ought, therefore, to work together this year, and try to make things better than last year.

I also said that, to be quite frank, it was our impression that the Civil Agents of Russia and Austria had not, last year, used their influence as they might in improving matters.

Count Benckendorff seemed to be fully aware of this opinion, and he did not demur to it.

I told him that, as soon as the Customs question was settled, I hoped effective reforms would be proposed. We would be very glad to support them.

In the course of this conversation Count Benckendorff emphasized M. Isvolsky's desire to extend the scope of an agreement with Japan so as to produce something, which might perhaps not amount to an *entente*, but would at any rate produce "des relations" between Russia and Japan. He hoped we should favour this.

I said we certainly should favour a general good understanding. We could not suggest to Japan that she should make concessions on points connected with the Portsmouth Treaty, but we wished to promote good relations between Russia and Japan. The direct object of a settlement between Russia and ourselves was to secure the Indian frontier. But there was also an indirect object—viz., to be on good terms with Russia; and this indirect object would be lost unless relations between Japan and Russia were satisfactory. We wished, therefore, to see this secured.

I am, &c.
(Signed) E. GREY.

[7616]

No. 164.

Imperial Bank of Persia to Foreign Office.—(Received March 8.)

Sir,

25, Abchurch Lane, London, March 7, 1907.

I HAVE the honour to submit for your consideration and that of His Majesty's Secretary of State the opinion of the Directors of the Imperial Bank of Persia, that the time has come when they may confidently call upon the Government to assist them in safeguarding and maintaining the undoubted rights, granted to their Institution by the Royal Charter and their Concession, which are directly attacked and endangered by the Concession newly given to the so-called National Bank at Tehran by the Shah. A copy of this Concession is doubtless already in your hands, but for convenience of reference, the document, ratified by the Shah about the 1st February, is hereto attached.

2. Your acquaintance with Persian affairs is so accurate and complete that it is unnecessary for me to take up your time with more than a brief statement of the considerations which have induced the Board to solicit the early intervention of the British Government.

It is, in the first place, evident that the National Bank has but a provisional and

shadowy existence, and it might be held that, in protesting against a Concession which could never become effective, we were fighting a phantom rather than a reality. It is true that there is little likelihood of the capital of the National Bank being subscribed locally by Persians. There is little money in the country, and those who possess it too thoroughly distrust their Government to give it in relief of the Shah's necessities. But there is great danger of the capital required being supplied, under some colourable pretext or through nominal Persian subscribers, by Germany, which is notoriously anxious to obtain a *locus standi* in Persia. Without trade interests, Germany is endeavouring to found a German Bank in Tehran, the clerks to man which have already arrived, while the Director is shortly expected.

Nothing is more probable than that the Persian Government, disgusted by the amicable relations now existing between England and Russia, which remove the advantages which the rivalry of these nations had so long procured them, may turn to Germany for financial assistance.

3. Whether the embryonic National Bank ever obtains an independent existence or not, it is clear that the Shah, yielding to the extravagant demands of the Assembly, has granted what is opposed to the legal rights of the Imperial Bank of Persia, and what may endanger its very existence unless resisted and cancelled.

The Board would specially invite your attention to clause 8 of the Concession to the National Bank, providing that when silver is required for the Mint the National Bank will have priority of import and sale. The deadly effect of this clause on our supply of silver to duly pay notes presented has been already brought to the notice of His Majesty's Minister at Tehran by our Chief Manager on the 9th ultimo. It amounts to a virtual concealment of our Concession. This clause should be also read with clause 4, in which the right of issuing notes is promised to the National Bank when the Imperial Bank's Concession shall have expired or otherwise terminated. Thus a direct incitement to make runs upon our bank is created, which, if clause 8 remains in force, we shall be unable to meet. No allusion to a future grant of this monopoly should have been allowed by the Persian Government, seeing that our Concession has many years to run.

4. The Directors also desire to point out that the security for the loans both of the British Government and the Imperial Bank will be endangered if, as is proposed, the customs of the Gulf ports be assigned to the National Bank against subscribed capital; while the dismissal of M. Naus and his deputy, M. Priem, leave the collection and appropriation of this revenue in hands in which we have no confidence.

5. The Board of Directors would consequently respectfully solicit His Majesty's Government to make the strongest possible protest against a policy which, inflicting grievous injury on the Imperial Bank, which represents British interests in Persia, is in opposition to engagements as to the application of customs revenues which have been given to the Governments of England and Russia.

6. The Directors would suggest that the Shah be invited to consider the expediency of treating the Imperial Bank of Persia as the State Bank it has been always acknowledged to be, and to absorb in it the National Bank, which could be effected without insuperable difficulty, and with a slight alteration in our Charter. Unless a determined effort be made in this direction, we fear that the ground may be cut from beneath our feet either by the National Bank, founded by foreign capital secretly subscribed, or by the open action of the Deutsche Orient Bank, under the direction of Herr Gutmann of the Dresdner Bank, who is shortly expected in Tehran.

I have, &c.

(Signed) LEPEL GRIFFIN, *Chairman*.

Inclosure in No. 164.

Preamble respecting giving of the Concession by Shah to Instituturs of National Bank for Progress and Welfare of Nation.

(Ratified by Shah about February 1, 1907.)

ARTICLE 1. National Bank, instituted by public subscription of Persian subjects, who will have shares to the extent of funds placed in bank.

Art. 2. All the revenues of the State of every kind in Tehran and the provinces must be paid into the bank, and all Government expenditure of every kind will be paid by the bank against the drafts of the Minister of Finance.

Art. 3. The National Bank may undertake agricultural operations and hypothecation of lands, in accordance with Islamic law, as well as the purchase and sale of commercial inland and foreign bills, and undertake loans.

Art. 4. In accordance with an Agreement to be subsequently made, the National Bank will have the right to the Concession for the issue of current notes (bank-notes) in all Persia after the expiration of the Imperial Bank's Concession or its termination, and this will be in accordance with the Agreement, a monopoly of the National Bank to take effect without any delay.

Art. 5. The National Bank has the right to build railways in all parts of Persia in accordance with Agreements subsequently to be made; and it can build roads in the same way, with the exception of those for which Concessions have already been granted to others, under separate Agreements; should others be prepared to build railways or roads, the National Bank will have prior claim on equal terms.

Art. 6. The National Bank may work mines in Government lands by giving 10 per cent. of the net profits to the Government. Other conditions will be fixed in a separate Agreement to be drawn up between the bank and the Government. Should the bank find mines of gold, silver, or precious stones, the Government profits will have to be stated in a separate Agreement.

Art. 7. The Government concedes to the National Bank the right of pearl fishery in the Persian Gulf, on which the Government will have a 10 per cent. profit on returns.

Art. 8. When silver is necessary for minting purposes, the National Bank will have the right of priority on equal terms with others in importing the same and selling it to the Mint.

Art. 9. In view of the fact that the Government Treasury business is in the hands of this bank, and that in future bank-notes will be circulated by this bank; therefore, the Imperial Government will have the right to depute two Inspectors for the bank, who will have the right to inquire into and inspect all the bank's affairs. The above Inspectors may, whenever they think necessary, call together the administrative body or the body of shareholders, and may be present at their meetings and join in their discussions. They may at any moment inspect and inquire into the books, accounts, and operations of the bank.

Art. 10. The sale or transfer of the Concessions mentioned in the Firman to foreign subjects or associations is strictly prohibited, and will be The sale or transfer of shares in this bank to foreigners is prohibited and null and void, and if it should occur through inheritance or change of nationality, they must be sold within one year to a Persian subject, and should the owner of such shares delay in selling them, the body of shareholders must at their yearly meeting turn such shares into cash and place the value of the shares on deposit in the bank for the owner to take.

Art. 11. Whenever the Imperial Government requires a sum of money in the form of a loan, the bank will, in accordance with a separate Agreement, lend to the Government to the extent of a fifth of its capital.

Art. 12. The period of the bank's Concession is 110 years, after which the National Bank has the right to renew it with suitable conditions.

[7661]

No. 165.

Sir A. Nicolson to Sir Edward Grey.—(Received March 8.)

(No. 41.)

(Telegraphic.) P.

St. Petersburg, March 8, 1907.

SITUATION in Persia.

I have received a Memorandum from Minister for Foreign Affairs, informing me that British and Russian Ministers at Tehran have decided to send to their Governments a statement that (1) there are signs of a dangerous movement against the dynasty and Europeans, in spite of the apparent outward calm; (2) that the anti-dynastic movement is manifested by persistent reports that the Shah wishes to dismiss the Assembly which is organizing a militia; (3) that the anti-European movement aims at the removal of foreigners from the Persian service, and at preventing them from obtaining Concessions in Persia, but that it is not directed against individuals or foreign Legations; (4) that Great Britain and Russia, while carefully avoiding any intervention in the internal affairs of Persia, nevertheless cannot permit their interests to be injured in any respect whatever, and that, in view of the tendencies of the

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Assembly, they would be justified in making a declaration to the Persian Government in the above sense.

The opinion of the Russian Government is that the conclusions at which the two Representatives have arrived are correct, and that it is desirable that an identic declaration should be made to the Persian Government as proposed. The Russian Government would be glad to know whether His Majesty's Government concur; and, if so, they will instruct the Russian Minister to take the proposed step in concert with his British colleague.

(Above repeated to Sir C. Spring-Rice.)

[7644]

No. 166.

Sir C. Spring-Rice to Edward Grey.—(Received March 8.)

(No. 47.)

(Telegraphic.) P.

Tehran, March 8, 1907.

PERSIAN situation.

Yezd.—A general massacre of Parsees is threatened. I have taken steps.

Ispahan.—A crowd demanding the dismissal of the Zil-es-Sultan has invaded our Consulate-General and another crowd is prepared to fight for His Highness.

All is quiet at Tabreez, Meshed, and Resht.

Tehran.—Relations between the Shah and the people less strained. The Mujtehedes have ordered the National guard to be disbanded and an oath of allegiance to the Shah and the Constitution has been taken by the members of the Assembly.

The Assembly and the Mujtehedes will do their utmost to protect foreigners and have already intervened on behalf of a Frenchman when Mussulman women were found in his house.

The leaders of the popular movement quite realize the danger of pressing the Shah too far and do not believe that he will appeal for foreign intervention except as a last resource.

Russia has consented to the recall of the Amin-es-Sultan and he has been summoned from abroad to the capital.

[7656]

No. 167.

Sir C. Spring-Rice to Sir Edward Grey.—(Received March 8.)

(No. 48.)

(Telegraphic.) P.

Tehran, March 8, 1907.

MURDER of German missionary.

Your telegram No. 26.

I am informed by the German Minister that his demand is for 3,000*l.* compensation and that no political conditions whatever are attached.

It seems probable that the Kurds organized the murder for political purposes in order to get the local Governor into trouble.

The German Minister has received no instructions from his Government on the subject.

[7657]

No. 168.

Sir C. Spring-Rice to Sir Edward Grey.—(Received March 8.)

(No. 49.)

(Telegraphic.) P.

Tehran, March 8, 1907.

NATIONAL Bank.

The National Bank is still without any capital, and the Russian Minister tells me that he has certain information that the President of the National Assembly is in intimate relations with the German Legation, and has practically pledged himself to establish the bank with German assistance. If the Germans afforded this assistance, it would entitle them to participate in the bank's concessions. The Russian Minister suggests that, in order to anticipate German action, the English and Russian Banks should themselves advance the money to the National Bank, thus obtaining a right to concessions in Persia for their respective countries.

The Manager of the Imperial Bank, whom I have consulted, says that the Russian

Minister's statement is probably true, but that any decision in the matter must be arrived at in London.

If we hold aloof, there is the danger of Germany or Russia acquiring a commanding position. On the other hand, the only coin reserve in Persia is in the hands of the Imperial Bank. This reserve is small, and cannot be increased owing to the present price of silver. If the National Bank were given control of this reserve it would be able to inflict serious injury on the Imperial Bank in view of the latter's note issue.

If, therefore, we entertain the Russian proposal, we should only make our advance in Europe. If the Persians obtained the money from elsewhere the advance would in any case be made in Europe.

[7539]

No. 169.

Sir Edward Grey to Sir A. Nicolson.

(No. 30.)

(Telegraphic.) P.

Foreign Office, March 8, 1907.

CONVENTION with Russia respecting Persia. See your despatch No. 101 of the 20th ultimo.

We consider as satisfactory, and authorize you to accept Preamble of draft which Russian Government have proposed.

As regards Article I.

With reference to Russian line, the British and Russian spheres of influence are mentioned in the Preamble, we notice, as "contiguës ou voisines à la frontière Russe, d'une part, et aux frontières de l'Afghanistan et du Beloudjistan, de l'autre," but the Russian sphere is nowhere mentioned as being contiguous with the frontier of Afghanistan. If, moreover, another Power were introduced with special interests on the frontier of Persia and Afghanistan, matters would be likely to become complicated and the very object of this Convention defeated, as His Majesty's Government are responsible for the foreign relations of Afghanistan, and Article VI of the Persian Treaty of the 4th March, 1857, as well as the Treaty with the Ameer, binds them to undertake the settlement of all questions which may arise between Persia and Afghanistan, both as regards frontier and other matters. That the Russian sphere should nowhere contain any part of that frontier is, therefore a most important point.

Although we desired to limit our sphere to as small an area as possible, yet, had we considered it possible that the present claim would be put forward by the Russian Government, we should have made our own sphere embrace the whole frontier.

The point is one on which His Majesty's Government can never give way. You should, therefore, press the Russian Government to accept Zulfikar, at the extreme north of the Afghan frontier, as the end of their line.

In the first instance, it was our intention to demand that a neutral enclave should be formed in the Russian sphere, to consist of the town of Tehran, as being the capital and seat of foreign Representatives. Now, however, His Majesty's Government are prepared to waive their demand and concede this most important point on the Russian Government undertaking, in view of the great increase of influence which the inclusion of Tehran in the Russian sphere will afford them, not to oppose, without previously coming to an agreement with us, the grant of Concessions in the neutral zone to British subjects or to those of third Powers.

The neutral zone is governed from Tehran, as is the rest of Persia, and it is evident how unfair it would be that the Russian Government should employ their increased prestige at the capital to our detriment in that zone.

Article II. His Majesty's Government regarded as necessary the inclusion of a clause stipulating that all Concessions at present in force shall be maintained.

With regard to the transfer of the two telegraph lines, there is no objection to this being effected by an exchange of notes outside the Convention. Such notes should be signed at the same time as the Convention itself, and it must be clearly understood that the signature of the Convention is indispensably conditional on this being done.

There is no intention on the part of His Majesty's Government to demand that the Seistan agencies of the Russian Bank should be removed. Such a course would cost us more than we should gain, as it would necessitate the removal of the agencies of the Bank of Persia, which are situated in the Russian sphere.

We suggest an addition to the Russian text, the last paragraph of which appears to us incomplete, as follows:—

"Il est également entendu que les revenus des douanes Persanes du Farsistan et

du Golfe Persique ainsi que des pêcheries Caspiennes et des postes et télégraphes, seront affectées, comme par le passé, au service des emprunts conclus par le Gouvernement du Schah avec la Banque Impériale de Perse."

Lastly, we must provide, in case the coupon on the Russian loan is not paid, for the possible employment of Russians as Controllers of Customs in Seistan. It appears to us that it cannot matter to the Russians by whom the revenues of the Customs are collected, so long as they are shown to be devoted to the service of those loans (as the Russian draft in its last paragraph states).

I authorise you, therefore, to inform the Imperial Government that if they are willing, in case of necessity arising, to undertake to collect and remit to us such proportion of the revenues in their sphere of influence as are pledged to British loans, we on our part are ready, in case of need as foreseen in their loan contracts, to do the same in regard to such customs revenues in our sphere of influence as may be affected to the Russian loans.

[7754]

No. 170.

India Office to Foreign Office.—(Received March 9.)

Sir,

India Office, March 8, 1907.

IN continuation of my letter of the 7th instant, I am directed by Mr. Secretary Morley to transmit herewith, to be laid before the Secretary of State for Foreign Affairs, copy of telegraphic correspondence with the Government of India relative to the proposed Anglo-Russian Agreement respecting Persia.* The telegram of the 28th ultimo, to which the Government of India's telegram of the 6th instant is a reply, was dispatched before the receipt of the actual terms of the Russian proposal, which have not yet been communicated to that Government.

Sir E. Grey will, no doubt, consider the point raised by the Government of India as to the meaning to be attached to the words defining the limits of the Russian zone. The line in question is described in the draft Russian Agreement as "partant de Kazri-Chirin, traversant Yezd et Kakhk et aboutissant à la frontière Afghane près du bourg de Kulson." It was assumed in my letter of the 7th instant that it was not the intention of the Russian Government to include within their zone territories south of the line joining the towns named, but Mr. Morley thinks that, if any possibility of doubt exists upon this point, it should be cleared up at once.

With regard to the inclusion of Kain within the British line, Mr. Morley apprehends that there can be no question at the present stage of the negotiations of proposing any extension of the British sphere. The suggestion of the Government of India might, he thinks, be borne in mind should difficulties arise as to Sir E. Grey's proposal that the Russian line should terminate on the north-east frontier of Persia at Zullicar, instead of in the neighbourhood of Kuhsan.

As to the suggestion in the Viceroy's telegram respecting Arabistan, Sir C. Spring-Rice, to whom the telegram has been repeated, will, no doubt, be in the best position to advise His Majesty's Government as to the possibility of utilizing the Sheikh of Mohammerah in the matter of any irrigation concession which may be negotiated.

I am, &c.
(Signed) A. GODLEY.

[7817]

No. 171.

Sir C. Spring-Rice to Sir Edward Grey.—(Received March 9.)

(No. 52.)

(Telegraphic.) P.

Tehran, March 9, 1907.

SITUATION in Persia: Sir A. Nicolson's telegram No. 41.

I have had no communication with my Russian colleague on the subject since that reported in my telegram No. 12.

* Nos. 151 and 159.

[7661]

No. 172.

Sir Edward Grey to Sir A. Nicolson.

(No. 34.)

(Telegraphic.) P.

Foreign Office, March 9, 1907.

PERSIA. Proposed identic declaration.

Your telegram No. 41.

We do not want at the present moment to offend the Russian Government by refusing to take the action suggested by them; the situation is therefore difficult. There can be no doubt, however, that, as undue or premature interference must tend to arouse popular feeling in the country against us, it will be the better for us the less we have to do just now with the Persian Government.

The Russian Government should therefore be informed that we have had no intimation from Sir C. Spring-Rice that a general declaration would be beneficial, nor are we at present apprehensive of danger to foreign subjects; but that we realize the hostile attitude which the Persian Assembly has assumed towards foreign enterprise, and that we are in favour of the co-operation of the two Governments in Persia for the mutual protection of their respective interests whenever they may be menaced, while avoiding any semblance of unprovoked intervention in internal affairs.

A joint declaration, as suggested, would not, in our opinion, at the present moment be politic. We do think, however, that we might press the Persian Government for a reply to the joint inquiry made by the two Legations as to the steps to be taken for the payment of the coupons of the loans (see my telegram No. 17 repeating my telegram No. 17 to Sir C. Spring-Rice), in order to show the community of our interests and action.

[7532]

No. 173.

Foreign Office to India Office.

Sir,

Foreign Office, March 9, 1907.

I AM directed by Secretary Sir Edward Grey to transmit to you herewith decypher of a telegram from His Majesty's Minister at Tehran,* relative to the reported intention of the Sheikh of Mohammerah to undertake the irrigation works in the Karun Valley without foreign participation.

Sir E. Grey would be glad to receive any observations which Mr. Secretary Morley may have to offer on this communication.

I am, &c.
(Signed) E. GORST.

[7826]

No. 174.

Sir A. Nicolson to Sir Edward Grey.—(Received March 10.)

(No. 42.)

(Telegraphic.) P.

St. Petersburg, March 10, 1907.

PERSIAN Convention: Your telegram No. 30 of the 8th instant.

On my communicating this morning to Minister for Foreign Affairs the observations and amendments of His Majesty's Government, his Excellency said he would like to have time to study them, and promised to do so with the most sincere desire to arrive at an understanding.

From the conversation we had, I derived the following impressions:—

1. That Russian Government will agree to proposal that their line should run to Zullicar. This rectification will, in any case, be urged by Minister for Foreign Affairs.

2. That an Agreement will be reached regarding transfer of telegraph lines and maintenance of existing Concessions.

3. That if engagement not to oppose Concessions in neutral zones is made reciprocal, and is limited to British and Russian Concessions, they will agree to it. M. Isvolsky does not like to bind himself not to oppose Concessions to third Parties,

* No. 162.

[1717]

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though I pointed out that, if a previous arrangement were concluded with us, he would not be debarred from opposing such Concessions.

4. I do not think the remaining amendments proposed by us will present any difficulties.

I repeat that these are only my impressions, and we must wait until M. Isvolsky has consulted his advisers before we shall learn his final opinion.

[7825]

No. 175.

Sir C. Spring-Rice to Sir Edward Grey.—(Received March 10.)

(No. 53.)

(Telegraphic.) P.

Tehran, March 10, 1907.

SITUATION in Persia: Sir A. Nicolson's telegram No. 41.

Agents of the Russian Legation and of the Reactionary party have lately approached me and other foreign Representatives, with a view to addressing a joint note to the Persian Government, protesting against the action of the National Assembly as menacing the rights of foreigners and jeopardizing their lives.

In reply, I have stated that all my information showed that everything possible was being done by the leaders of the Popular party to restrain agitation against foreigners, and that a note such as was suggested would only excite popular hostility against Europeans.

[7829]

No. 176.

Admiralty to Foreign Office.—(Received March 11.)

(Confidential.)

Sir,

Admiralty, March 9, 1907.

WITH reference to your letter of the 6th instant, I am commanded by my Lords Commissioners of the Admiralty to transmit, for the information of the Secretary of State for Foreign Affairs, copy of a telegram, dated to-day, which has been sent in cypher to the Commander-in-chief, East Indies, relative to the situation in Persia.

I am, &c.

(Signed) EVAN MACGREGOR.

Inclosure in No. 176.

Admiralty to Vice-Admiral Sir E. Poë.

(Telegraphic.) P.

Admiralty, March 9, 1907.

INTERVENTION in Persia by Russia and Great Britain, for protection of lives and property of foreigners in that country, may, it is considered, in view of the political situation, not improbably arise in the near future. As far as Great Britain is concerned, this would have to be confined to maintaining order through the agency of His Majesty's ships in the ports of Southern Persia; but His Majesty's Government consider that, apart from the protection of British interests, ships should be held in readiness so that they could at once be sent to show the flag in South Persian ports in the event of Russian troops crossing the northern frontier. You should report what arrangements, in the event of emergency arising, you would suggest.

[7984]

No. 177.

Sir C. Spring-Rice to Sir Edward Grey.—(Received March 11.)

(No. 51.)

(Telegraphic.) P.

Tehran, March 11, 1907.

FOREIGN Office telegram No. 34 to St. Petersburg.

Grand Vizier has sent a written answer to my note to the effect that the Customs Administration will be conducted on the same lines as before, and that payment of the interest on loans will be punctually made.

I have already made a written communication with regard to our reservation of

acquired rights, and have informed my Russian colleague that I have done so (see my telegram No. 40).

All is quiet here, and both yesterday and to-day the Mujteheds and Assembly renewed to me their assurances that foreigners would be protected, so that, in my opinion, there is no justification for any further communication to the Persian Government.

Occasion, however, may arise for such a communication, and I will confer with my Russian colleague as to preparing a note to be held in reserve.

[7825]

No. 178.

Sir Edward Grey to Sir C. Spring-Rice.

(No. 29.)

(Telegraphic.) P.

Foreign Office, March 11, 1907.

SITUATION in Persia.

With reference to your telegram No. 53, I approve your language.

[7826]

No. 179.

Sir Edward Grey to Sir A. Nicolson.

(No. 35.)

(Telegraphic.) P.

Foreign Office, March 11, 1907.

PERSIAN Convention.

With reference to your telegram No. 42, we are only interested that British Concessions should not, without previous agreement with us, be opposed in neutral zone. With regard to this, we would be ready to give a reciprocal engagement.

The first sentence of paragraph No. 3 of the impressions derived from your conversation with M. Isvolsky would, therefore, be satisfactory to us.

[8114]

No. 180.

Sir C. Spring-Rice to Sir Edward Grey.—(Received March 12.)

(No. 55.)

(Telegraphic.) P.

Tehran, March 12, 1907.

THERE has been an increase in the Russian guards, by 11 at Urumia, by 19 at Tabreez, and by 20 here.

Hitherto there have been 2 at Urumia and 5 at Tabreez.

(Sent to India; addressed to Foreign Office.)

[8431]

No. 181.

Sir C. Spring-Rice to Sir Edward Grey.—(Received March 15.)

(No. 57.)

(Telegraphic.) P.

Tehran, March 15, 1907.

SITUATION in Persia.

I have received a visit from the correspondent of the "Daily Mail," who is in close touch with the Russian Bank. He says that serious disorders are impending; that the Russians contemplate sending troops to Urmi to protect the Nestorians there; and that the Shah is bringing nomads into Tehran to coerce the Assembly.

Too much importance ought not to be attached to such rumours, but the report that the Shah contemplates action against the Assembly may be true. I was told by the Minister for Foreign Affairs that the Shah had been advised by the Council not to yield any further, and to convey a warning to the Assembly that he would obtain money from elsewhere if they refused to provide him with it.

[7754]

No. 182.

Foreign Office to India Office.

Sir, *Foreign Office, March 15, 1907.*
I AM directed by Secretary Sir Edward Grey to acknowledge the receipt of your letter of the 8th instant relative to the proposed Anglo-Russian Agreement respecting Persia.

Sir E. Grey is of opinion that the meaning of the words used in the draft Agreement proposed by the Russian Government to define the Russian zone is evidently that attached to them by you in your letter of the 7th instant, and he does not therefore consider it necessary to ask for any further explanations upon this point.

Sir E. Grey concurs in Mr. Secretary Morley's view that at the present stage of the negotiations there can be no question of proposing any extension of the British sphere by the inclusion of Kain, and he is also in agreement with the opinion expressed in the last paragraph of your letter that Sir C. Spring-Rice is in the best position to advise His Majesty's Government as to the possibility of utilizing the Sheikh of Mohammerah in the matter of any irrigation concession which may be negotiated.

I am, &c.
(Signed) E. GORST.

[8558]

No. 183.

India Office to Foreign Office.—(Received March 16.)

THE Under-Secretary of State for India presents his compliments to the Under-Secretary of State for Foreign Affairs, and, by direction of Mr. Secretary Morley, forwards herewith, for the information of the Secretary of State, a paraphrase of a telegram to the Viceroy, dated the 13th March, relative to the Anglo-Russian negotiations.

India Office, March 16, 1907.

Inclosure in No. 183.

Mr. Morley to Government of India.

(Telegraphic.) P. *India Office, March 13, 1907.*
ANGLO-RUSSIAN negotiations.

Please refer to my telegram of the 28th ultimo. Letter of the 8th instant from Political Secretary, India Office, forwarded to you text of Russian proposals regarding Persia. Russian definition of their line, of which following is exact verbatim translation, does not appear to justify apprehensions stated in your telegram of the 6th instant, though point will, if necessary, be cleared up:—

“Line commencing at Kazri Chirin, passing through (in the original ‘traversant’) Yezd and Kakhk, and terminating near the town of Kuhsan, on the Afghan frontier.”

It is not possible, at present stage, to raise question of inclusion of Kain in British sphere. His Majesty's Ambassador at St. Petersburg has been instructed to ask that Russian proposals may be modified in following respects:—

1. Clause providing for maintenance of all existing Concessions to be inserted.
2. Clauses to be added providing that revenues affected to British loans shall continue to be devoted to service of those loans.
3. In view of advantage to Russia of inclusion of Tehran in Russian sphere, Russia to agree that, provided engagement is reciprocal and limited to British and Russian Concessions, she will not oppose Concessions in neutral zone.
4. Russian line to terminate at Zulficar instead of Kuhsan.
5. While carrying out of transfer of Seistan-Meshed and Tehran-Meshed telegraph lines by exchange of notes outside Convention is not objected to, such notes should be *sine quâ non* of signature of Convention, and are to be signed simultaneously with latter.

6. Authority given to Nicolson to inform Russian Government that, provided Russians agree to reciprocal arrangement in their sphere, we are ready to collect and remit to them due proportion of customs revenues in British sphere of influence which are affected to Russian loans, should contingency contemplated by loan contracts arise.

[7761]

No. 184.

Sir Edward Grey to Sir F. Bertie.

(No. 153.)

Sir,

Foreign Office, March 16, 1907.

I lately expressed to the French Ambassador the desire that, in view of the agreement concluded between Great Britain and Russia relative to advances to the Persian Government, the French Government should discourage French banks from lending money to Persia at least without the previous concurrence of His Majesty's and the Russian Governments.

On the 8th instant M. Cambon called at this Office and left a Memorandum to the effect that the French Government had received this request with favour and that the Minister of Finance would take such steps as might be possible in French financial circles to give effect to my desire.

I am, &c.
(Signed) E. GREY.

[8585]

No. 185.

Sir A. Nicolson to Sir Edward Grey.—(Received March 17.)

(No. 46.)

(Telegraphic.) P.

St. Petersburg, March 17, 1907.

DRAFT Persian Agreement.

I notice that, according to the Russian text of Articles 1 and 2, Great Britain and Russia engage themselves not to support applications for Concessions in the zone of the other which may be made by subjects of third Powers.

As we did not mention this point in our text, I venture to inquire whether you would not wish this reference to third Parties maintained as regards our special zones, as it would preclude Russia from favouring foreign enterprise in our zone.

[8657]

No. 186.

Sir C. Spring-Rice to Sir Edward Grey.—(Received March 18.)

(No. 30.)

Sir,

Tehran, February 12, 1907.

IN continuation of my despatch No. 271 of the 22nd October, 1906, I have the honour to transmit herewith copy of a despatch from His Majesty's Consul-General at Bushire containing two interesting reports from Captain Lorimer, in response to my request for observations on Messrs. Lynch's letter to your Department of the 10th September, 1906, on the position of the enterprises in which they are engaged in South-West Persia.

I desire to call your attention to the second of Captain Lorimer's reports, in which he animadverts on the lines on which Messrs. Lynch attempt to carry on business, and, in particular, on the inadequate number of European agents employed.

I am still awaiting the observations on Messrs. Lynch's letter which I have requested from His Majesty's Consuls at Ispahan and Mohammerah.

I have, &c.
(Signed) CECIL SPRING-RICE.

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Inclosure 1 in No. 186.

Major Cox to Sir C. Spring-Rice.(No. 3.)
Sir.*Bushire, January 6, 1907.*

WITH reference to your despatch No. 81, dated the 27th October, 1906, to my address, I have the honour to forward, for your information, copies of the communications which I have received from His Majesty's Vice-Consul at Ahwaz.

2. I beg to add a few observations of my own regarding the several topics touched upon in Messrs. Lynch's letter:—

(1.) The suitability of the present juncture for pushing our commercial interests in Persia in competition with those of Russia and Germany.

This is a problem in regard to which the views of local officers must in any case give way to the declared policy of His Majesty's Government, and it seems unnecessary for me to discuss it.

(2.) Embargoes. I fully indorse Captain Lorimer's observations as to Arabistan and the hinterland of the eastern shore of the Persian Gulf. You must be well aware that these embargoes are, in nine cases out of ten, merely devices engineered by grasping provincial officials as a means of filling their pockets.

I may mention while on this subject that when travelling in Southern Arabistan in the autumn of last year I found considerable quantities of grain stored in all villages in agricultural neighbourhoods, and the natives informed me that they never thought of unloading their stock for export sale until the following autumn rains had assured them of a sufficient crop in the coming season. I may also state that since I have been at my present post embargo has been placed on grain of a kind not used at all for consumption by the growers, but simply grown to meet a regular export demand for the article from the Arab coast.

I think, in fact, that we should do our utmost to resist the imposition of these embargoes, which in the end defeat their own object by throwing land out of cultivation. If all export of grain is stopped, husbandmen will naturally not go to the labour of cultivating more ground than is necessary to assure the supply of their local wants.

(3.) The condition and upkeep of the Bakhtiari road. I think with Captain Lorimer that the proposal that Messrs. Lynch should take over the management of the road—a suggestion which has already been made to, and rejected by, the Khans—cannot be regarded as a practical solution of the difficulty, for the reasons explained by Captain Lorimer, which are undoubtedly well founded.

(4.) Levy of tolls on the Kum-Sultanabad road. This question lies outside my sphere.

(5.) The steamer service on the Upper Karun, and the desire of Messrs. Lynch for a warehouse site on the foreshore of Shalilich.

(6.) Improvement in the tramway service between Nasiri and Ahwaz.

(7.) Proposal for a new tram-line between Shalilich and Shuster. Unless the policy of His Majesty's Government in regard to this particular region is to be altogether modified in connection with the negotiations now in progress with Russia, I look upon it as extremely important that we should leave no stone unturned to effect the improvement of communications by the Persian Gulf-Karun-Khorembad artery, and feel that, with regard to all these three items (5), (6), and (7), Messrs. Lynch's interests and our own make it very desirable that we should give the firm all possible support. If it appears to you that, with the diplomatic forces at our command, we cannot give Messrs. Lynch such backing as will enable them to keep the Moin at a distance, then I can only revert to the recommendation made by Mr. McDouall, in his despatch No. 13 of the 4th August, 1906, to Mr. Grant Duff, and suggest that Messrs. Lynch should be advised to make another attempt to join forces with the Moin, or come to a *modus vivendi* with him.

3. In Captain Lorimer's second communication, No. 678, he discusses several aspects of Messrs. Lynch's general attitude in regard to commercial enterprise and their existing methods of business.

The Vice-Consul speaks with local knowledge on these subjects, and such personal acquaintance as I have with them leads me to believe that his observations are well founded.

Messrs. Lynch are ready enough to remind Government of their obligations to the

firm as a pioneer of British commerce, but an examination of the policy which they follow and the methods which they employ for developing it indicate that the former is often selfish and the latter inefficient and unprogressive.

Moreover, the views expressed by Mr. H. B. Lynch personally to Captain Lorimer are incompatible with the terms of the last few lines of the firm's present appeal to His Majesty's Government. A little wholesome advice to the firm in the direction indicated by Captain Lorimer's remarks might have a beneficial result.

I have, &c.
(Signed) P. Z. COX.

Inclosure 2 in No. 186.

Vice-Consul Lorimer to Major Cox.(No. 672.)
Sir,*Ahwaz, December 4, 1906.*

I HAVE the honour to forward inclosed some observations on a letter from Messrs. Lynch to His Majesty's Secretary of State for Foreign Affairs, a copy of which was forwarded to me by His Majesty's Minister at Tehran for comment under his letter No. 6 of the 27th October, 1906.

I beg to request that you will kindly forward one of the inclosed copies of observations to His Majesty's Minister.

I have, &c.
(Signed) D. LORIMER.

Inclosure 3 in No. 186.

Observations on a Letter from Messrs. Lynch Brothers to Foreign Office, dated September 10, 1906.

PASSING over uncriticized the first paragraph, which is devoted to an endeavour to demonstrate that the present is a peculiarly propitious moment for a determined effort to secure and promote our interests in Persia, the first specific obstacle dwelt upon is that of the embargoes placed on the export of grain from the Karun provinces.

In this matter I find myself in accord with Messrs. Lynch. I doubt whether any circumstances could arise which would justify the imposition of an embargo in the interests of the common people.

The latter, except in so far as they are subject to their Rulers, the very people to profess to be concerned in protecting their interests, are under no sort of restraint. There is no one in the position of the Indian Baniya to extort sale and at the same time keep down prices. The price of grain is free to rise, and with the excise duty will act as an automatic check on export in time of scarcity.

It would be sanguine to imagine that the present abandonment of embargoes will endure, or that any action which could be taken would avail, to secure its permanence. Hope lies rather in immediately resisting on principle and without reference to local conditions every attempt to reintroduce embargoes.

The present relaxation in the attitude of the Persian Government, which seems to have been more unqualified than usual, should be carefully kept in view as a precedent for the future.

2. The Bakhtiari road. The maintenance of the road by Messrs. Lynch is, I am sure, a question of which the Khans would not even tolerate discussion. The mere name of Lynch is hateful to them. That Messrs. Lynch should propose and be anxious to take over the road in the existing state of their relations with the Khans shows how little they appreciate the situation or the practical position in the country of themselves and the Khans. I venture to assert that, were they to obtain the satisfaction of their wishes to-morrow, they would bitterly repent it before six months had elapsed. Granted even tolerable relations between themselves and the Khans, I doubt if they at all realize the difficulty and expense involved in maintaining the condition and service of the road in such a state as they appear to demand from the Khans.

The question of how pressure can best be brought to bear on the Khans is scarcely one which lends itself to a solution in two lines by London merchants.

My own tentative views and ideas on the problem of the maintenance and management of the road I shall submit in a separate communication.

3. Of the affairs of the Kum-Sultanabad road I have no knowledge.

4. The steamer service on the Upper Karun. I must own to ignorance as to the "exactions and opposition of the local officials" referred to. I cannot recollect a single instance in which reference has been made to me by Messrs. Lynch here in any case falling within such a category. The present captain of the "Shushan," who has held that post for nearly two years, supports me in taking objection to the phrase quoted. Apart from the proposed competition of the Moin-ut-Tujjar on the Upper Karun, there is nothing that I am aware of in the experience of past years to encourage hopes of future surpluses in the accounts of the "Shushan."

When the Persian Government gave, as I understand, reluctantly permission to Messrs. Lynch to run the "Shushan" on the Upper Karun, they did not, I am sure, for a moment contemplate having to pay for what they no doubt regarded as the granting of a concession. Pressure for the recovery of deficits would have to be made with caution, as its most probable immediate result would be to lead the Persian Government to direct the discontinuance of the "Shushan" service. To the best of my knowledge, we have no diplomatic weapons immediately at hand with which to counter such a decision or secure its revocation.

There is little hope, I fear, of being able to successfully combat the invasion of the Moin-ut-Tujjar, nor, once he is established, to prevent his being favoured in a hundred ways.

If anything can be done, it must be done now, and action must take the form of an endeavour to prevent the Moin-ut-Tujjar from commencing operations at all. But this will be very difficult, as I believe that he has purchased a ship, and is only awaiting its arrival.

The acquisition of a suitable site at Shalilieh for Messrs. Lynch to build a good shed on ought certainly to have been exacted long ago if it were possible.

The Moin has now nearly completed a shed of this nature at Shalilieh. Its frontage is situated 83 feet from the water's edge when the water is low. With a very high river this distance is reduced to some 30 feet.

It may be possible to use this example to enforce demands.

The 30 Zar Regulation, which is perhaps justifiable, if not even desirable, in the case of private individuals, should certainly not be allowed to stand in the way of works of public utility and convenience, but I cannot see what is to be gained by putting a shed closer to the river than that now erected by the Moin. It would be liable to be surrounded with water in flood time, and in any case there would be inconveniently little space left for handling the cargo, the bulk of which would always be carried direct to Shuster or the ship without being placed in the warehouse.

The captain of the "Shushan" concurs in this opinion.

5. The tramway is undoubtedly the example of the abuse of a practical monopoly, though it is not, strictly speaking, a monopoly as implied in Messrs. Lynch's letter.

Messrs. Lynch are at liberty to carry their goods down to Ahwaz by transport of their own, but cannot, of course, build a rival tram-line.

The charges, 3 krans (12*d.* to 15*d.*) per ton, for carrying over something less than 1 mile are extortionate.

Up till the beginning of the present year the Moin was not the chief gainer. He leased the line out at 500 tomans per annum, and this payment was in reality, I believe, not always completed.

During the last ten months of this year, under a new and more honest agent, the net profits of the line have been 1,200 tomans. There would therefore now seem to be considerable room for a reduction in rates. The weak point in a practical monopoly of this nature is that any reduction means an equivalent loss of profit to the monopolist. A reduction in rates will not lead to any material increase of traffic.

As regards improvements, there have up to the present been four trolleys and four to six horses. The number of trolleys is going to be raised to eight, of which total six will be new.

It must be known, though not mentioned in the despatch under reference, that Messrs. Lynch have for a long time been endeavouring to induce the Moin to add a branch extension to connect their wharf with the existing line. The length of this extension would be about 550 feet.

I understand that an agreement has lately been arrived at by which the Moin

will construct the extension to the gate of Messrs. Lynch's wharf, while Messrs. Lynch will pay freight at the rate of 4 instead of 3 krans per ton.

The initial cost of construction is estimated by Lynch's agent here at about 200*l.* to 250*l.*, so the terms appear to be far from easy.

At present Messrs. Lynch have to maintain a cart and mule to carry outward and inward Shuster cargo between their wharf and the nearest point on the line, and loading and unloading the cart is at their own cost.

Under the agreement above mentioned loading the trolleys will be at the Moin's expense, and on the whole a small saving to Messrs. Lynch will be effected.

The new ship "Nusrat" and the tram-line both being in the Moin's hands, it is possible, under Persian methods, that the "Nusrat's" cargo is carried free by the tram.

If so, the effect must be to penalize Messrs. Lynch's cargo to and from Shuster and Dizful to the extent of 3 or later 4 krans per ton.

6. The construction of a tram-line between Shuster and Shalilieh by Messrs. Lynch is doubtless an excellent object of ambition. The Moin, however, has also had his eye on this potential line. Some two years ago he had the ground examined, and last year it was said that he had discussed the notion of making a line down to Bandikir.

I am now informed that his agent at Shuster is stating that a tram-line is shortly going to be constructed, that the plans were drawn up by the English engineer brought round by the Moin last year, and that the material has been ordered.

The statements of Persian agents cannot always be taken as gospel.

Irrespective, however, of the truth of this report, we may calculate on having to encounter in the first place the powerful opposition of the Moin.

Lynch's agent here is pessimistic about the general question of carrying goods on the Upper Karun.

He questions the profitableness of a line to Shalilieh, and would do away with the whole navigation of the extremely unsatisfactory Gargar by having a tram-line down to Bandikir, where the main river is reached. This is a distance of 30 miles, and it is questionable whether a horse tram of this length would or would not pay.

It would be interesting to know the exact terms of the Russo-Persian Railways Convention, and whether they lay a prohibition on the construction of horse tramways. If they do not, it might be worth while investigating the possibilities and prospects of a horse tram service from Mohammerah or from Ahwaz upwards. There would be no serious engineering difficulties. On the lowest reaches of the Karun the line would have to be raised on an embankment, ballasting would be necessary throughout, and a ferry or bridge over the Gargar at Bandikir would be required.

7. The argument regarding the road and transport facilities enjoyed by Russia and ourselves and the effect which they may be expected to exert on the propagation of Russian and British commerce in Central Persia appears to be plausible.

8. To talk of the "rich wheat lands of the Karun" appears to be rather overlooking the fact that the grain crops are dependent on an uncertain rainfall, and that there is only considerable export of wheat in, say, one year out of four.

I thoroughly agree with Messrs. Lynch on the importance to our commerce of securing the opening of a route through Luristan, giving access to and from Khoremad, Burujird, Hamadan, &c.

(Signed) D. LORIMER.

Inclosure 4 in No. 186.

Vice-Consul Lorimer to Major Cox.

(No. 678.)

Sir,

Ahwaz, December 11, 1906.

I HAVE the honour to make further reference to the despatch of Messrs. Lynch, on which I have furnished observations under my No. 672 of the 4th December, 1906.

In these observations I have strictly restrained myself to the points raised in Messrs. Lynch's letter.

I would now add separately one or two considerations, which are not without appositeness.

Messrs. Lynch talk of the trade with Shuster being restricted by the want of

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inland communications from that place, implying that this restriction of the volume of trade would be removed by the opening of a route through Luristan.

I would point out in this connection that both Major Baird and myself have declared in favour of the route being continued straight down, a few miles to the west of Dizful, to Ahwaz, leaving the longer and more difficult route via Shuster entirely on one side.

This alignment is also favoured by Messrs. Lynch's agent here, and, from the military point of view, has commended itself to Major Baird, now travelling here on behalf of the Indian Intelligence Branch.

Should the route ever become an accomplished fact and this alignment be adopted, the direct result would be a large diminution of the quantity of goods carried to Shuster, as all goods for Dizful, at present comprising the large part of Ahwaz-Shuster cargo, would be carried direct to Dizful.

Another point on which I would lay stress is the incompleteness and inefficiency of Messrs. Lynch's methods, which do not give the development of business a fair chance.

To cope with the whole of the work at Ahwaz, the shipping service on the Lower Karun, that on the Upper Karun, local trade and trade in Dizful and Shuster and Ramuz, and the transport and forwarding business on the Bakhtiari road—to cope with all these there is only one European at Ahwaz.

Now, is he to find time for taking any initiative in pressing trade in new localities or in stimulating what little exists.

Two of Mr. H. Lynch's declared maxims are:—

1. That trade in Persia is not worth bidding for.
2. That the function of a European in an office is purely to act as a "thinking department," and that all routine can and should be left to natives.

Comment appears unnecessary.

This individual, hard-working and conscientious enough, I believe, in other ways, has failed to acquire the use of either Persian or Arabic.

Comment again appears unnecessary.

I should say that a European has lately been posted at Mohammerah with, I believe, excellent results, but his appointment is, I understand, not regarded as permanent.

At the other end of the Bakhtiari road—that on which the bulk of the transport has to be engaged—Lynch is represented only by a Persian, Fazlullah, at Ispahan, who enjoys, I believe, the full confidence of the head of the firm.

I have every reason to believe that he is unworthy of it. He is disliked by Europeans on account of his assuming manners. Nor does he give more satisfaction to muleteers, though, of course, the fault may not be all on one side.

This gentleman, it will be remembered, furnished a text to Mr. H. Lynch by a very exaggerated report of the bad condition of the Bakhtiari road.

As regards the nature of his services to his employers, having started with nothing, he now drives about in his own carriage and invites one to his private house.

The first essential to successful operations in these countries, embargoes or no embargoes, is to have an adequate staff of reliable Europeans.

Native agents in independent positions are more likely to ruin their firm in making their own fortunes than to earn a profit for it.

Besides the above example, Lynch's late Armenian agent in Shuster left the place credited with the comfortable accumulation of 15,000 tomans, and the assumption of the Mohammerah office by a European has shown how unsatisfactory had been the running of things there previously.

In the past five years the native agencies at Dizful, Shuster, and Ramuz have been visited, to the best of my knowledge, exactly twice by a European, viz., in spring 1904 and spring 1905.

I have, &c.
(Signed) D. LORIMER.

[8658]

No. 187.

Sir C. Spring-Rice to Sir Edward Grey.—(Received March 18.)

(No. 31.)

Sir,

Tehran, February 12, 1907.

IN reply to your despatch No. 165 of the 2nd November, 1906, I have the honour to report that I have requested His Majesty's Consular officers at Ahwaz and Mohammerah, provided that they see no objection, to act in the sense suggested in the penultimate paragraph of the letter of the Tigris and Euphrates Navigation Company to your Department of the 29th October, and I also sent a copy of your despatch to Mr. McDouall, at Mohammerah, for his observations.

At the same time I instructed Abbas Kuli Khan to inform the Muin-et-Tujjar of the substance of the Company's letter, and I now transmit a copy of a Memorandum containing the Muin's rejoinder to the Company's complaints. The Muin throws on Messrs. Lynch the responsibility for the failure of the negotiations between himself and Colonel Picot at Paris at the end of 1905, and adduces various circumstances to show that he has constantly endeavoured to accommodate Messrs. Lynch, whom he charges with wishing to monopolize the trade on the Karun, without regard to the development of the country and the needs of commerce. At the same time I would remark that it is, I believe, true that his operations are, at any rate in part, in the interest of British commerce, as he deals largely in English goods, and the houses who employ him may perhaps share his views that anything approaching to a monopoly is undesirable.

The Muin, as I observed in my despatch No. 19, Confidential, of the 29th ultimo, does not enjoy a brilliant reputation for honesty. M. Naus informs me that he is at the head of an important organization for smuggling arms and generally carrying on contraband trade in South Persia; and his recent attitude in the Assembly has excited widespread suspicion as to his integrity. His statements must therefore be accepted with reserve. It is possible that in the past he may have thought that some kind of amalgamation of his interests with those of Messrs. Lynch would be advantageous, but I am now disposed to think that, relying on his close intimacy with the Sadr Azam, with whom he is believed to have some sort of business alliance, and noting the spirit of hostility towards foreigners manifested by the Medjlis, where he has still considerable influence, he may not be disinclined to try to oust Messrs. Lynch from those regions, a tendency which will have to be carefully watched. It cannot, moreover, be doubted that Messrs. Lynch are not happy in their relations with Persians—witness the distrust with which they are regarded by the Bakhtiaris—and I cannot help feeling that this has been a material contributing cause to the change of attitude of the Muin-et-Tujjar.

The very interesting reports from Captain Lorimer, inclosed in my immediately preceding despatch, throw an instructive light on Messrs. Lynch's methods of business in this country, and, so long as they maintain their present system, I fear that it will be hopeless to expect that any really useful arrangement can be reached between them and the Muin, much as I should like to be able to promote it.

I trust that the above remarks will not be understood in the sense that I ignore the considerable sacrifices incurred by Messrs. Lynch in opening navigation and improving communications in Southern Persia, but I fear it is my duty to call your attention to the practical difficulties which stand in the way of effecting a settlement satisfactory to them, through the intervention of this Legation. I will not fail, however, to carefully watch the developments of the Muin's activity, and to keep the Foreign Office informed.

I have, &c.
(Signed) CECIL SPRING-RICE.

Inclosure in No. 187.

Memorandum.

BY the instructions of His Majesty's Minister, I communicated to the Muin-et-Tujjar the contents of the inclosure in the despatch addressed by His Majesty's Principal Secretary of State for Foreign Affairs to Sir C. Spring-Rice, No. 165, dated 2nd November, 1906.

The Muin promised to write me a Memorandum on the subject, which he did a few days ago. The following is a rough translation of it:—

"It appears from the conversation you had with me that Messrs. Lynch are not satisfied with me. I am very much surprised that they should be dissatisfied, because I have always done my best in facilitating their business, such as giving preference to the transport of their goods by the Naseri Tramway. I do not think Messrs. Lynch will be able to prove that either myself or my agents have ever tried to cause them any difficulty. What I think is that Messrs. Lynch wish to have the monopoly of the Karun navigation. This apparently is not possible, since the trade is free, and the Karun Regulation has been notified to all the Powers. No doubt the British Legation is aware that I was the chief factor in opening the Karun, and I was the first person who began business there, put steamers on that river, made the Naseri port, built inns, bazaars, tramways, wharves, and warehouses, with large expense, in that wild country. I cannot help thinking that, if the British officials were to give my doings a just consideration, they would be greatly satisfied with me, since the object of the opening of the Karun was to promote the trade between India and Persia, and I have been the best instrument in obtaining this object. Notwithstanding the subsidy which, as I understand, Messrs. Lynch receive from the British Government to run steamers on the Karun, their proceedings have not been satisfactory to merchants and inhabitants of Arabistan, who begged me some time ago to again put steamers on the river. To avoid any unpleasantness, I tried to come to some arrangement with Messrs. Lynch in regard to the Karun navigation and the opening of the Luristan road. About a year ago I met Colonel Picot in Paris, who, on the part of the Company, made with me certain arrangements, which were to be first agreed to by Messrs. Lynch and then put before the Persian Government for approval. When I went to London Messrs. Lynch did not accept the arrangement. I told them that I was disappointed with them, and that I was going to order a steamer for the Karun. They neither paid any attention to my statements nor did they object to them. I therefore bought a steamer at Glasgow and sent her to the Karun. Since then I have ordered two more steamers. I think this measure on my part will be satisfactory to the British Government, and, in view of justice, Messrs. Lynch must not be vexed, as I am a Persian, and have more right than others to run steamers on the Karun, which is in my own country.

"As Messrs. Lynch accuse me of certain things, I must make the following observations for your information:—

"1. When there was no building at Naseri, except the caravanserai and the warehouse which I had built, Messrs. Lynch's people were living in a hut for which they used to pay 50 tomans a-month to the Government. Messrs. Lynch's agent complained to me of the inconvenience which he had to undergo on account of not having proper quarters. I therefore provided him with quarters in my own caravanserai. After a few months he moved his office to the caravanserai, and I provided him with two more rooms and three or four godowns. It was previously arranged that, should the office be removed to the caravanserai, Messrs. Lynch should pay the rent at the rate of 50 tomans, which they used to pay to the Government for the hut. They lived there for about three years, but they did not pay anything. I asked them for payment through the Foreign Office Agent, but as they offered to pay very little I did not accept, and the case remain unsettled. The case is about eleven years old.

"2. The Persian Government has granted me a Concession to erect buildings for foreigners. I do not know why Messrs. Lynch did not accept this arrangement. The Nizam-es-Sultaneh has misappropriated certain lands which, according to Firmans, belong to me, and has built on them and let the buildings to Messrs. Lynch. I am prepared to show the Firman to the Legation if necessary.

"3. It is the custom all over Europe that whenever any one sends any goods by railway or tramway they pay and obtain tickets. But Messrs. Lynch transport their goods by my tramway without necessary tickets, and afterwards pay in accordance with the statements of accounts made and the rate and weight fixed by themselves. I do not say that they cheat me, but this is against all rules.

"I wrote you the above facts in proof of my good behaviour towards the firm, but what I understand is that Messrs. Lynch desire to have the monopoly of the navigation of the Karun, and the best evidence of this is that the Europeans on the Karun prefer to send their goods by my steamers.

"It would be a good thing if the Minister would advise Messrs. Lynch not to raise unnecessary difficulties with me. They think I am a Persian and have no support, and will consequently be tired. But they should know that I have had considerable

difficulties, and have spent a lot of money on the Karun which I cannot give up. Should I do so, others would take my place.

"The attitude adopted by Messrs. Lynch will not allow the country to develop. They have not been able to do anything yet on the Luristan road because they want to use force. Everything can be done in a friendly way. This is my opinion. They know their duty better."

(Signed) ABBAS KULI.

February 7, 1907.

[8660]

No. 188.

Sir C. Spring-Rice to Sir Edward Grey.—(Received March 18.)

(No. 34.)

Sir,

Tehran, February 19, 1907.

WITH reference to my despatch No. 10 of the 3rd ultimo, I have the honour to transmit herewith copies of two despatches from His Majesty's Consul-General at Bushire on the subject of the Bakhtiari road.

In the first of these despatches Major Cox transmits copy of a despatch from His Majesty's Vice-Consul at Ahwaz, in which the latter discusses the question of the future management of the road, and suggests the possibility of taking it altogether out of the hands of the Khans, who are neither competent nor, in his opinion, willing to carry out the work efficiently and honestly, and placing the undertaking in the care of Indian officials.

I am myself quite in agreement with the views expressed by Major Cox in his letter to the Government of India (also inclosed) that, at the present stage of our negotiations with Russia on Persian questions, we cannot take the proposal into consideration. The alternative submitted by Major Cox, that the Khans should engage a competent engineer as their own paid agent, to supervise the upkeep of the road, is certainly less open to objections on this score, and, as he says, it would remove the chances of friction with Messrs. Lynch. On the other hand, there would always be the difficulty of inducing the Khans to observe the contract with their engineer, and probably also to carry out his recommendations as to the works to be executed. It is the cupidity and hopeless bad faith of the Khans which makes it so difficult to deal with them. The course suggested by Major Cox, if the Khans will accept it, seems, however, to promise good results; but with the wave of anti-foreign feeling now passing over Persia, I am not confident that the present is a proper moment to broach the Khans.

I spoke seriously to the two Khans who recently passed through Tehran on the subject of the road, and attempted to make them understand that the prosperity of their country could be greatly increased if the road was a success. They agreed, but reverted immediately to their former complaints as to the policy pursued by Messrs. Lynch.

Major Cox's second despatch forwards the list of recommendations made in November last to the Khans by Captain Lorimer as the result of his inspection of the road. It will be seen that at the time of his passing over it very little had been done to keep the track in repair, and that in several places a new alignment was necessary.

I have, &c.
(Signed) CECIL SPRING-RICE.

Inclosure 1 in No. 188.

Major Cox to Sir C. Spring-Rice.

(No. 1.)

Sir,

Bushire, January 4, 1907.

IN continuation of my letter dated 2nd December, 1906, I have the honour to forward for your information copy of a further report from His Majesty's Vice-Consul at Ahwaz, dealing with the Bakhtiari road, together with a copy of my covering letter to the address of the Government of India, dated 4th January, 1907.

I have, &c.
(Signed) P. Z. COX.

[1717]

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Inclosure 2 in No. 188.

Vice-Consul Lorimer to Major Cox.

(No. 673.)

Sir,

Ahwaz [undated].

I HAVE the honour to invite attention to the management and upkeep of the Bakhtiari road, which has been the subject of some discussion and correspondence during the year.

The matter is referred to in a despatch from Messrs. Lynch Brothers, to the Foreign Office, the 10th September, 1906, on which I have recently been asked to comment by His Majesty's Minister at Tehran. In doing so I confined myself to emphatically denying the possibility of obtaining the Bakhtiari Khans' assent to the management of the road passing into the hands of Messrs. Lynch Brothers, as suggested by them in their despatch, and to raising serious questions as to the capability of Messrs. Lynch of satisfactorily acquitting themselves of the responsibilities they would incur by taking over such a charge.

I may recall to recollection that the question of the various defects existing in the present management of the road has been more or less continuously under my notice during the last five months, and that I have just now returned from an inspection of the road, especially from the point of view of its upkeep, carried out under instructions from the British Government.

Under these circumstances it has been impossible to escape arriving at certain conclusions in one's own mind, and whether leading to practicable or impossible issues, it is perhaps as well that these conditions should be recorded.

In the first place, the Khans will never keep the track in the state which is desired, one reason being that they have no intention of laying out much money on it, while at the same time we can never bring definite proof that they are not in fact expending the large sums which they say they do.

Another reason is that they have no qualified or trustworthy man to whom to intrust the superintendence of the work, were they by any chance to overcome the economical scruples. Every Fur is an inveterate cheat and swindler.

The question of supplies which is one of the very first importance can only be solved by extensive arrangements involving a systematic organization for the purchase, collection, and storing of grain and fodder in advance.

Such arrangements are wholly beyond the capacities of the Khans.

The protection of the route must always remain in the hands of the Khans themselves.

It is out of the question to propose that the management of the road should be handed over to Messrs. Lynch Brothers; such a proposal would not for a moment be entertained by the Khans. It would be unwise to make the suggestion and still more unwise to accept it, even were it by a miracle to emanate from the other side.

To endeavour to render the present arrangements as regards the road efficient will entail continual pressure on the Khans, and this in the long run is certain to become a source of heart-burning, and will react on the friendliness of our relations.

This year when everything has been confined to ready promises on the part of the Khans there has been no cause for tension. Next year when the time comes for calling for evidences of the fulfilment of these promises there is every probability of things being otherwise.

The remaining alternative is that the road should be taken over by the Government of India and administered by Agents of its own.

The scheme briefly would be as follows:—

A British officer with assistants would be supplied to attend to the upkeep of the road. The whole or part of the expense involved would be met by our collecting the tolls on the road (omitting those levied on the tribes), from which we would pay a certain sum to the Khans, expending the rest on the service of the road.

The following are the principal points which would affect the practicability of the scheme and the advisability of the Government's giving it their consideration:—

1. The willingness of the Khans to accept it.
2. The financial question.

3. Local political consideration.

4. External political considerations.

To deal with these points in succession:

The willingness of the Khans is certainly not a thing to be counted on. They assuredly dislike on principle the continued presence or even existence of foreign influence in their country, and they might be afraid of the opposition which the scheme would probably meet with on the part of the officials of the Persian Government at Tehran.

If, however, worried sufficiently about the failure to maintain the track, it is possible that in view of their being guaranteed their present takings for a certain period of years, they might consent to our taking over the responsibility of upkeep for that period.

They have, I believe, stated that the collection of tolls on trade caravans and ordinary passengers is so inextricably confused with the collection of revenue in the form of tolls from their own tribesmen, that it has been quite impossible to allow the control to pass out of their hands.

The passage of the tribes is confined to definite short periods of the year, and the collection is at present made and recorded separately; it would therefore seem to be possible for them to send an agent of their own to collect these particular tolls at the times of the passage of the tribes, and their statement has not, in my opinion, any basis on actual fact.

The feelings of the Khans could only be ascertained by inquiring at a suitable juncture. Should I inspect the road again next year and find it thoroughly restored, we might rely on pursuing existing methods with the same results in the future. If, as I expect, I find much undone and the Khans inclined to be irritated at being taken to task, I might then propound the scheme for their consideration, as a way of escape from continual pressure on one side and discontent on the other.

In the first case we could probably only ask for the right of repairing the road. The question of taking over the provision of supplies would be raised later.

Financial.—According to the information supplied by the farmer of the road tolls, the amount paid by him annually for the privilege of collection is 11,400 tomans, of which 13,800 tomans is handed over to the Khans.

From the tribes he collects 6,000 tomans, which is the revenue referred to by the Khans. He trusts to collect something more than the balance of 8,400 tomans from trade caravans, &c.

The Khans, who want to minimize their profits, would not attempt to prove that the sum taken was greater, and it might be taken as a basis of lease for say five years.

We could therefore count on having this sum to our credit every year, and Messrs. Lynch might very well be asked to make some additional subscription.

Against this would have to be set the following expenses:—

The pay and allowances of one junior P.W.D., or sapper officer.

The pay and allowances of one or more assistants (? native).

The pay of a reliable native agent to collect the tolls—possibly two men, as two toll-posts would probably be necessary.

Labour expenses.

Cost of tools, &c.

If the condition of the road, and supplies and security were guaranteed, the traffic ought to increase, as it is gradually doing even at present with every adverse condition.

This would mean an increase in the receipts from tolls without any corresponding increase of expenditure.

Local Political Considerations.—I do not personally believe that increase of business relations leads to increase of friendship, but rather the reverse.

In any case, however, the road is an accomplished fact, and will, under any circumstances, be a constant subject of discussion. If the discussion is direct with the Indian Government, and all necessity of reference between Messrs. Lynch and the Khans is removed, the future field of disagreement should be much curtailed, and there would be a greater possibility of necessary discussion being conducted in a friendly spirit.

Continual work in the country would give us an opportunity for getting on to

friendly terms with the tribesmen, a number of whom would have to be employed and paid by us.

Work on the road would then become a source of profit instead of a cause of discontent to them, as then more or less forced labour would be replaced by regularly paid labour.

At present we have no hold on the tribesmen, as it appears to be a part of the Khans' policy to discourage any *rapprochement* between us.

External Political Considerations.—These are limited to the question of how far the proposed scheme would be distasteful to the ruling powers in Tehran, and how far, if they resented the increase of our interference, they could make the situation unpleasant for the Khans or ourselves.

The present letter is intended to be a mere statement of facts.

The existing scheme is unsatisfactory and is likely to lead to trouble in the future with detriment to our relations with the Khans. In any case, it is inefficient and hampers, if it does not actually prohibit, commercial expansion.

If it is desired to improve the situation, the only alternative appears to me to be that which I have described.

Whether it would be possible to obtain the Khans' approval of it is at present unknown.

I have, &c.

(Signed) D. LORIMER,
His Majesty's Vice-Consul for Arabistan.

Inclosure 3 in No. 188.

(No. 27.)

Major Cox to Sir L. Dane.

Sir,

Bushire, January 4, 1907.

IN continuation of the correspondence ending with my letter dated the 2nd December, 1906, I have the honour to submit copy of a further Report received from His Majesty's Vice-Consul at Ahwaz on the subject of the condition and the upkeep of the Bakhtiari road and the attitude of the Khans in regard thereto.

2. The Reports furnished by Major Morton and Captain Lorimer during the past year ending with that now submitted have shed a good deal of light, where I have always felt that a considerable need for it existed, and have clearly demonstrated that in the absence of a properly organized system of repair and supply, the road cannot be maintained on a reasonably satisfactory basis. How best to give shape to such a system is a difficult problem.

The proposal that the management of the road should be placed in Messrs. Lynch's hands has already been represented to the Khans by Mr. Preece with a negative result; and, on the other hand, even if the commercial advantages considered likely to accrue to us from such a measure were held on investigation to warrant the experiment, I fear that, in the present state of their negotiations with the Russian Government, His Majesty's Foreign Office would find it difficult to take into consideration at this juncture the alternative suggestion that we should endeavour to bring about an arrangement by which the road would be taken over by the Government of India.

3. Short of the entertainment of that scheme, I can only suggest as a middle course that the Bakhtiaris should be advised to engage, on a carefully drawn contract, through the Government of India or His Majesty's Legation, a competent engineer to superintend, as their employé and on their behalf, the upkeep of the road and the concentration of supplies along it.

The Khans would probably make no objection to His Majesty's Vice-Consul at Ahwaz becoming the recognized judge or referee in regard to the condition of the track, and direct relations between Messrs. Lynch and the Khans would thus be reduced to a minimum. A certain amount of troublesome work both in connection with the track and the protection of the engineer's interests would no doubt devolve upon us, but the course which I suggest does not seem impracticable, and I therefore venture to submit it for consideration.

I have, &c.
(Signed) P. Z. COX.

Inclosure 4 in No. 188.

Notes on the State of the Bakhtiari Road, addressed to the Samsam-es-Sultaneh and the Shahab-es-Sultaneh, dated Raghaiwa, November 8, 1906.

1. *Shalamzar to Naghun.*—The following points require attention:—

(1.) Gardan-i-Zirrah. From Shalamzar to the foot of the ascent to Kotal the road is all right.

(2.) A bridge required over the irrigation cut near Shalamzar.

Ascent to Zirrah in three sections—

(1.) From bottom to half way up the track is fair, but at one or two places the road has been washed out by rain and requires repair.

(2.) The final part of the ascent, where the road is cobbled, is steep and difficult for animals. The surface requires to be remade with small stones and earth, or else the existing surface must be smoothed.

Descent to Siligun—

First section, some angles of road want building up.

Second section all bad, wants complete overhauling.

Third, mostly fair, at one place track is very narrow and wants widening.

The crossing of the Siligun stream in the Tangi-Naghun is impeded with boulders, which should be removed. Near to Gardan-i-Naghun there is a stony patch.

Descent to Naghun—

Two or three places where irrigation cuts cross track Irish bridges want to be made.

Also on this stage it is desirable that the following defects receive attention:

From the foot of the Zirrah to Chasma-i-Gandab track is very stony.

The upper part of the Tangi-Naghun is very stony.

At the entry to Naghun the track is spoilt by irrigation water.

2. *Naghun to Dupulan.*—Taking for granted that this route, and not that via Ardal, is to be used.

Descent from Naghun plateau to the Ab-i-Sabz-kuh, track which has not been made, is very steep in parts, additional zigzags required.

Arrangements also necessary for the deflection of irrigation water, where it runs along the track, Irish bridges, &c.

Ascent from river. Road obstructed in several places by large boulders. In some places also the road requires to be cut into the hill-side. About 1 mile from Gardan-i-Bazgiran very stony, wants clearing. Immediately at this Gardan 60 yards of stony ground requires to be cleared.

Descent: At first good till three zigzags in white earth. These zigzags are very steep and require to be remade. Further along the Gil Safid road the track is very stony.

Between Dupulan and the river two or three zigzags require to be made. A stone and lime bridge is required over the Ab-i-Sabz-i-Kuh at Dupulan.

3. *Dupulan to Sarkhun.*—One hour from Dupulan track very rough and bad, where it cuts round a soft limestone spur.

Ascent to Maburun: First twenty minutes' track shows some signs of recent improvement, but can be further improved, and stones should be cleared off right up to Maburun.

Between Maburun and Sardab stones have to be removed in several places.

Gardan-i-Gandum Kar: Descent to Gandum Kar very stony; track wants clearing. In one particular point some large boulders require to be disembedded and removed.

Tangi-Sarkhun: At several points stony and rocky places require smoothing, or earth, &c., wants to be put down to cover projecting rocks.

4. *Sarkhun to Shalil.*—Above the descent to Shalil, near some rice cultivation, track very stony; in descent track is too narrow in some places. From the mills to the caravanserai track very narrow in many places; requires to be widened.

[1717]

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At one point there is a large boulder on the road, which is liable to catch loads. Some work has been done on this section, but it is insufficient.

5. *Shalil to Deh Diz*.—Close to serai track lies among large boulders and over stones; wants clearing out. If the road could be made lower down, following an even gradient, it would be preferable. Ascent from Pul-i-Amarat for 20 yards track very bad, over steep rock; wants improvement.

For first twenty minutes of ascent towards Gardan-i-Marwari the track is bad and requires to be improved. The remainder of ascent shows signs of recent work, and for the present is good enough. From Chaq-i-Marwari the first part of the ascent towards the Gardan-i-Deh Diz is over soft gypsum soil, and is very steep, difficult, and stony. The remainder of the course is rocky and stony.

Fifteen minutes above Chaq-i-Marwari a rain-water drain crosses the road. This has been bridged by large boulders so placed that animals cannot cross them. An Irish bridge is required.

Descent to Deh Diz: The last half hour the road is very stony, right down to the spring. All this wants to be put in order.

6. *Deh Diz to Pul-i-Shalu*.—To Deh Kohna good. Deh Kohna to Kulmat stony throughout and one difficult ascent. Ten minutes beyond Kulmat the track in a descent to a nala is very narrow and needs to be widened. A little above and a little below Rikat are stony patches.

Descent to the Karun: Above the cobbled remains of the Rah-i-Sultani the track has cut deeply into the ground and requires attention.

Beside the Karun a zigzag is required at one place, and in some places stones and earth require removal.

Beside the caravanserai the road is very narrow and lower down it is stony.

7. The road surface of the bridge has been worn away and the iron plates are exposed. The earth surface requires to be restored. The two masses of the masonry on which the steel cables of the bridge are fixed on the caravanserai side are cracked and getting into a bad condition.

The guard walls on the other side have fallen into disrepair and want restoration. The road between the walls is very steep.

Pul-i-Shalu to Malamir.—The upper part of the ascent to the first Gardan is very stony and needs clearing. Some work has been done, but is insufficient.

Descent from the Gardan: There is a large boulder in the track which requires removal. From the Gardan-i-Bard-i-Para for fifteen minutes the track is stony. Ascent to the Chisma-i-Khatun, the track is very narrow in places and should be widened.

Descent from Gardan Sarak: The first half is passable, the lower half is bad, steep, and has slippery rock surfaces which do not afford a footing to animals. In one or two places it is narrow.

8. *Malamir to Kala-Tul*.—Road good to end of Tang-i-Nashili, but the short ascent out of the river bed at the bottom is steep.

Kala-Tul to Chasma Roghan.—Over the ridge of hills between Kala-Tul and Ala Khurshid the track is very stony.

From Ala Khurshid to an hour short of Chasma Roghan most of the track is stony and wants clearing.

Chasma Roghan to Jaru.—From the camping place to the spring, road wants clearing of stones. In several places on the stage there are steep ascents and descents in gypsum ridges, where clearing and cutting into the hillside are necessary.

Jaru to Alwaniya.—For two and a-quarter hours the track is good. Beyond the Kala-i-Kohna the track wants improvement. Fifteen minutes further on there are boulders in the roadway which require removal.

Descent from Kotal to Gazin steep and bad throughout, encumbered with large stones, and the zigzags have fallen into disrepair.

The descent from the last Gardan towards Alwaniya requires improvement. All points mentioned, as well as others have been pointed out to the Bakhtiari Sowar Hashim sent to accompany me.

Caravanserais.—Dopulun, two-thirds ruined. Gateway too narrow to admit laden animals.

Sarkhun: All in ruins; uninhabitable.

Shalil: Half ruined; useless for travellers.

Deh Diz: The roofs of two or three rooms in the building have been destroyed by fire, and an inclosure wall is necessary, as otherwise there is no protection of caravans and animals.

Pul-i-Shalu: Buildings all in good repair.

Malamir: One stable is usable; the remainder have no roofs. The former is occupied by the Mumtazin-ed-Dowleh's horses, and there is no room for travellers' animals.

In the covering letter forwarding the above, attention was called to the fact that there are no caravanserais at Kafarukh, Kharaji, Naghun, where it was pointed out that there is a heavy snow-fall, while, if caravans take shelter in private houses, they have to pay for the privilege, and so are saddled with an unfair burden.

Again at Kala-Tul, Chasma Roghan, Jaru, Alwaniya, there are no serais or inclosures, though these places are insecure, and, according to the people themselves, there is much to be feared from night thieves.

At these places simple inclosure walls with gates, without supplies or other paraphernalia, would be of considerable advantage.

(Signed) D. L. LORIMER

To His Majesty's Resident, Bushire.

Forwarded in completion of his No. 645, dated the 20th November, 1907.

(Signed) D. L. LORIMER,

His Majesty's Vice-Consul for Arabistan.

Ahwaz, January 8, 1907.

[8661]

No. 189.

Sir C. Spring-Rice to Sir Edward Grey.—(Received March 18.)

(No. 35.)

Sir,

Tehran, February 24, 1907.

A YEAR ago the popular movement against the Belgian Customs Administration, and especially against M. Naus, assumed such serious proportions that M. Naus considered that it would be unsafe to remain in the country, and he accordingly left on a mission to Constantinople. On his return last autumn, the popular movement was directed more especially against the Sadr-i-Azam and the existing state of the Government, and, though his removal was made one of the popular demands, it was not considered so important or so urgent as the other parts of the reform programme. He was able, by appealing for assistance to the Russian Government, to obtain the exile of his principal enemy, the Saad-ed-Dowleh, and he was invited to St. Petersburg to assist in the loan negotiations which were to take place there in September. The Persian Government, however, refused to intrust him with the negotiations, and he remained in Persia.

The Saad-ed-Dowleh was allowed to return to Tehran, and as soon as the new Assembly was formed he renewed the agitation against the Belgian Customs Administration.

The leader of the Moderate party, the Sani-ed-Dowleh, President of the Assembly, did his best to put a stop to the agitation, and, indeed, threatened at one time to resign his post if the Assembly persisted in its demands. The popular feeling, however, was so strong that, although the majority of the Assembly were probably, in their hearts, of the Sani-ed-Dowleh's opinion, they were forced to yield.

The first question at issue was whether or not M. Naus was a responsible Minister. There was no doubt that he had been intrusted by the late Grand Vizier with the general financial control of the Empire. He had been made Controller of the Sanduk, or Imperial Treasury, into which all public funds were payable, and, in addition to his autocratic management of the Customs Administration—for which he was only responsible to the Sadr-i-Azam—he had also control of the Posts and the Mint. When, however, the Assembly demanded from the Government a reply to their request for information as to the general conduct of affairs—especially financial affairs—by the Shah's Ministers, M. Naus did not appear before the Assembly. The Finance Minister, the Nasr-ul-Mulk, stated, in reply to the Assembly's questions, that he had no powers of control, but was simply an accountant. M. Naus, he said, was not responsible to him, and, indeed, had not even provided him with the accounts of the Customs Administration for the last three years.

The Assembly was accordingly placed in an embarrassing position. It demanded information and the person responsible, for the principal paying Administration of the Empire was out of its reach. It accordingly asked to be supplied with a list of

responsible Ministers. The Sadr-i-Azam sent the list, and it did not contain the name of M. Naus. The Assembly accordingly demanded that if M. Naus was not a responsible Minister he should be deprived of the title which he had assumed, and of the powers of control, to which, according to the Constitution, he had no right.

After some days of hesitation, during which the popular excitement reached a dangerous height, the Shah yielded, and issued a Decree removing M. Naus and M. Priem from their posts of Minister and Director-General of the Customs. The popular delight found expression in loyal addresses and manifestations of triumph.

I called on the Belgian Minister and asked him if he intended taking any steps in the matter. I observed that the agitation against M. Naus could very easily, if continued, result in a state of affairs somewhat dangerous to the European Colony, and instanced the agitation against the Régie. The Minister shared my opinion, and informed me that all he was instructed to do was to point out to the Persian Government the necessity of placing the Customs Administration under the control of a capable Belgian official, if at least they desired to retain the Belgian employés, who would otherwise be recalled.

The Russian Minister informed me that he did not intend to intervene in M. Naus' favour, but that he thought we should be justified in calling the serious attention of the Persian Government to the dangers which would result from the disorganization of the Customs Administration. Such a warning was only fair in view of the clauses in the loan contracts relative to the guarantee which would necessitate foreign intervention if the interest on the loan were unpaid. I have the honour to inclose copy of the note which I sent in to the Sadr-i-Azam in conformity with your instructions.

Both M. Naus and M. Priem approached me with a view to securing my support for the latter as General Administrator of the Customs. After consulting with M. Hartwig, I communicated with Saad-ed-Dowleh through Mr. Churchill, whom I requested to point out to him the dangers which would certainly result for the independence of Persia from a break-down of the Customs Administration. The Saad-ed-Dowleh's reply was that there was no fear of such a break-down, that the Belgians had proved their incapacity, and that some other means must be found of collecting these revenues. The Powers would have no right of interfering unless the interest on their loans was unpaid, and of this there was no fear.

With regard to the general question, I have the honour to observe that according to the Finance Minister's verbal report, which has been communicated to me privately, there is no ground for an accusation of malversation against M. Naus, although it is true that for three years no formal accounts have been submitted to the Persian Government, and it is extremely difficult to introduce any sort of order into the papers which have been submitted, or to verify the statements as to payments made or received.

In a Memorandum which M. Naus has submitted to the Shah, he has called His Majesty's attention to the fact that under his Administration the net customs revenue has been tripled, although the duties on exports have been removed, and I have no doubt that this is correct. The Government is anxious to support him in his own interests, but it is powerless in view of the great unpopularity of M. Naus personally, and, indeed, of the whole Belgian Administration.

M. Naus, who is capable, energetic, and ambitious, had gradually acquired entire control of the finances of the country; had negotiated foreign loans and Commercial Treaties, and had made no concealment of the power which he enjoyed. He was intimate with the German and Russian Legations, and the latter has on several occasions afforded him its powerful protection. He was the principal Representative of the system against which the popular movement is directed, namely, foreign control by collusion of the Government. His fall is an outward sign of the victory of the popular party. It may have serious consequences, if it results in the Customs Administration falling into Persian hands; for, in that case, the interest on the foreign loans may remain unpaid and the Customs offices pass under foreign control. This is an eventuality which the Russian Government is anxious to avoid, and M. Hartwig is doing all in his power to prevent it. At the same time, he is not by any means anxious to accord his personal protection to M. Naus, as such a course would entail too great a responsibility on the Russian Government in view of the extremely violent character of the popular movement against him.

I have, &c.
(Signed) CECIL SPRING-RICE.

Inclosure 1 in No. 189.

Note communicated by Sir C. Spring-Rice to Grand Vizier, February 20, 1907.

(Translation.)

I AM instructed by my Government to call the most serious attention of the Persian Government to the grave trouble for the Administration of Customs which might result from the resignation of M. Naus, Minister of Customs and Posts, and of M. Priem, General Administrator.

His Majesty's Government had always appreciated at their just value the services rendered by M. Naus, in whose hands the customs revenue has more than doubled at the same time that the exports have considerably increased.

The regularity with which the customs of the frontiers have been administered until now constitutes an indispensable guarantee for the development of British commerce, and has assured the exact payment of the instalments due on the advances made through the Imperial Bank of Persia.

In view of the change above mentioned, I have the honour to ask your Highness to be good enough to inform me what measures the Imperial Government proposes to take in order to maintain the order which up till now existed in the Customs Administration, and to guarantee efficiently the repayment of the debts secured on the customs revenues of Persia.

Inclosure 2 in No. 189.

Memorandum communicated by M. Naus to the Shah.

La campagne de dénigrement et les attaques odieuses dont le Ministre des Douanes est l'objet depuis environ une année de la part des personnes, dont quelques-unes sont évidemment animées du plus perfide esprit d'hostilité, mais dont le plus grand nombre sont ignorantes de la vérité et se laissent simplement entraîner par certains meneurs de mauvaise foi, me font un devoir de soumettre à votre Majesté un compte-rendu détaillé de l'œuvre qui a été accomplie par l'Administration à la tête de laquelle j'ai eu l'honneur d'être placé, il y a environ huit années, par la confiance de Sa Glorieuse Majesté Mozaffer-ed-Din Schah.

Pour pouvoir apprécier à leur juste valeur les progrès qui ont été réalisés par l'Administration des Douanes, il convient de rappeler d'abord dans quel état se trouvaient auparavant les douanes du pays sous le régime du fermage.

A cette époque, les droits d'entrée et de sortie étaient fixés uniformément à 5 pour cent sur toutes les marchandises à l'importation ou à l'exportation; en outre, le Gouvernement percevait dans toutes les villes des taxes d'octroi, ainsi que dans les villes et en d'autres endroits de passage, des taxes de raghdari.

Toutefois, ces diverses perceptions n'étaient pas appliquées uniformément.

Les sujets étrangers se fondant sur ce que le Traité Russo-Persan de 1828, dit de Tourkmanchai, avait limité à 5 pour cent les droits de douane à percevoir une fois pour toutes à l'entrée ou à la sortie des marchandises, refusaient formellement d'acquitter les droits d'octroi et les taxes de raghdari sur les marchandises qu'ils importaient de l'étranger; de même que sur celles qu'ils achetaient dans le pays pour les exporter en destination de l'étranger.

De cela, il résultait cette situation anormale et choquante qu'en Perse le trafic des marchandises appartenant aux sujets Persans étaient soumises à des droits dans les douanes intérieures et à des taxes d'une incidence considérable pour les marchandises expédiées du centre du pays pour l'exportation et qui, avant d'arriver à la frontière devaient passer par de nombreux raghdarkhanés dans chacun desquels on percevait des droits variant suivant les exigences des fermiers ou des Gouverneurs locaux, tandis que les marchandises dont les étrangers trafiquaient en Perse échappaient complètement à toutes ces taxes tracassières et souvent excessives.

Par voie de compensation, les douanes établies aux frontières exigeaient presque toujours le droit de 5 pour cent sur les marchandises importées ou exportées pour compte de sujets étrangers et elles accordaient des droits réduits sur les importations et les exportations de marchandises appartenant à des sujets Persans. Ces réductions variaient suivant les provinces, et plus spécialement en raison de la concurrence que se faisaient les différents fermiers des douanes. C'est ainsi, par exemple, que le fermier des douanes de Kermanschah consentait des réductions spéciales pour attirer les

marchandises qui, normalement, auraient dû emprunter la voie de Bouchir. De son côté, le fermier des douanes de Bouchir, aussitôt qu'il avait connaissance d'un fait de ce genre, entrait en négociations avec les intéressés pour tâcher de ramener à son office les marchandises qui en avaient été détournées et pour cela il devait nécessairement offrir des conditions meilleures. Quelques grands négociants Persans avaient même des contrats avec certains fermiers des douanes pour passer toutes leurs marchandises aux frontières moyennant un droit fixe par colis, sans distinction quant à l'espèce des marchandises.

Les conséquences d'un pareil gâchis étaient déplorables, tant au point de vue du Trésor qui voyait la valeur du fermage de ses douanes diminuer proportionnellement, qu'au point de vue des négociants en général, les conditions de la concurrence commerciale ayant cessé d'être égales pour tous, ainsi que cela doit être dans tout pays bien organisé.

D'autre part, il était évident que la faiblesse des exportations de la Perse, lesquelles, à cette époque n'atteignaient même pas le tiers de la valeur des importations de produits étrangers, était la conséquence directe et inéluctable des taxes d'octroi, de raghdari, et des droits de sortie dont les produits Persans se trouvaient grevés de la sorte avant de pouvoir aborder les marchés des pays étrangers où elles auraient eu à lutter contre les produits similaires provenant des autres pays où toutes les taxes de l'espèce avaient été supprimées depuis longtemps.

Les défauts de ce régime sautent aux yeux ; il se résume comme suit :—

1. Injustice radicale du système des droits d'entrée imposant toutes les marchandises à 5 pour cent sans distinction entre les produits destinés à l'alimentation ou aux besoins réels du peuple et les produits de consommation volontaire ou somptuaire destinés à la classe riche de la population.
2. Inégalité entre les marchands pour le paiement des droits de douane.
3. Compression des exportations par suite des charges fiscales grevant les marchandises.
4. Cherté des vivres dans les villes par suite des droits d'octroi grevant tous les produits des campagnes nécessaires pour l'alimentation de la population des villes.

Enfin, les revenus que procuraient au Gouvernement les droits de douane, d'octroi, et de raghdari étaient manifestement inférieurs au produit que l'on aurait pu en espérer.

L'ensemble des douanes, octrois, et raghdari rapportaient en réalité moins d'un million de toman par année. Le fermage en fut, durant de nombreuses années, adjugé au feu Amin-el-molk pour 600,000 toman et plus tard pour 900,000 toman. Durant l'année 1111, qui précéda la mise en régie par l'Administration, le fermage écrit fut poussé jusqu'à 3 kourours et 70,000 toman (Douanes et Postes réunies), mais on sait que ce prix ne fut payé que partiellement. En réalité, après déduction d'une restitution de 80,000 toman qui fut accordée ultérieurement, le fermage de cette année produisit seulement 1,000,028 toman, et il convient d'ajouter que cette somme ne fut versée en espèces que pour un tiers ; pour les deux tiers restant, les fermiers versèrent des barattes que l'on pouvait acheter alors avec des réductions variant de 30 à 50 pour cent.

Le Gouvernement éprouvait le malaise résultant de ces conditions aussi défavorables aux intérêts financiers du Trésor, qu'aux intérêts économiques du pays, et c'est pour y remédier que feu Sa Majesté Mozaffer-ed-Din résolut de demander à la Belgique de lui prêter des fonctionnaires qui seraient chargés de la réorganisation des douanes.

C'est en 1898 que les premiers fonctionnaires Belges arrivèrent en Perse. J'avais l'honneur d'être le chef de la mission, et j'avais pour compagnons M. Priem, le fonctionnaire d'élite qui est encore à mes côtés aujourd'hui, et M. Theunis, qui, n'ayant pu s'acclimater, ne resta qu'une seule année en Perse. Ce fut une année plus tard seulement, soit donc à partir du jour de l'an Tangouz-il (21 Mars, 1899), que, sur l'ordre de Sa Majesté, le Sadr-i-Azam Aminé Sultan me confis l'Administration des Douanes. La décision ne m'en fut communiquée que trois jours avant le jour de l'an, et comme au surplus je ne disposais que de l'un seul collaborateur Européen, je fus forcé de conclure des contrats avec des fermiers pour la gestion de toutes les douanes et octrois du pays, à l'exception de celles de la province de l'Azerbaïdjan qui furent confiées à M. Priem.

Cette première année de gestion fut en réalité et ne pouvait être qu'une année d'observations destinées à m'éclairer sur les moyens à employer pour reprendre le plus tôt possible toutes les douanes en régie. Les résultats financiers en furent d'ailleurs appréciés par le Gouvernement comme très favorables, puisque le revenu net versé en espèces alla à 1,406,444 toman, ce qui représentait une augmentation de 40 pour

cent du produit obtenu auparavant par fermage. L'augmentation était d'autant plus appréciable qu'il s'agissait maintenant d'argent net réellement mis à la disposition du Gouvernement, tandis qu'auparavant les fermiers liquidaient les deux tiers de leur fermage en barattes qui représentaient des sommes dues par le Gouvernement pour les années antérieures et qu'ils se procuraient chez les Juifs du bazar avec des rabais de 30 à 50 pour cent.

Durant cette année il ne me fut pas possible de faire dresser des statistiques commerciales, attendu que toutes les douanes, sauf celles de l'Azerbaïdjan, avaient dû être données en fermage et que nécessairement les fermiers ne pouvaient ni n'auraient voulu fournir des données exactes sur le mouvement réel des marchandises. Tous les efforts de l'Administration tendirent à recueillir les données nécessaires pour préparer la reprise des douanes en régie laquelle fut réalisée successivement au fur et à mesure des possibilités durant les deux années suivantes.

Les observations recueillies au cours de cette première année de gestion me permirent aussi de parvenir à la conviction que si les droits de douane de cinq pour cent prévus par le Traité Russo-Persan de 1828 étaient perçus à la frontière uniformément sur toutes les importations et les exportations sans distinction entre les sujets étrangers et les sujets indigènes, il en résulterait une augmentation de revenus suffisante pour permettre la suppression radicale des octrois ou douanes de villes ainsi que des nombreuses perceptions de raghdari établies à l'intérieur du pays et dont l'action suscitait de continuelles plaintes de la part des marchands et des muletiers qui en certains endroits étaient rançonnés sans pitié, et j'en fis la proposition au Gouvernement qui, toutefois, différa la solution de cette importante question.

Les premiers résultats obtenus au cours de cette même année décidèrent aussi le Gouvernement à ordonner l'engagement d'un nombre suffisant de fonctionnaires prêtés par l'Administration des Douanes Belges pour me permettre de réaliser la reprise des principales douanes, de sorte que dès le début de l'année Zitchkhan-il (21 Mars, 1900) des fonctionnaires de carrière furent chargés de la direction du service dans les douanes de Bouchir, de Bender-Abbas, de Lingah, de Kermanschah, d'Enzéli, de Méched-Isser, Bender-Guez, et du Khorassan.

Dans le courant de cette même année Zitchkhan-il (1900-1901) je poursuivis avec la plus grande activité mes instances pour obtenir la suppression des octrois moyennant l'unification du droit de cinq pour cent aux frontières. Sa Majesté Mozaffer-ed-Din comprit aisément quels grands avantages cette réforme devrait procurer au pays, et son Altesse le Sadr-Azam Aminé Sultan ayant de son côté appuyé mes propositions j'eus la satisfaction de la voir aboutir. La loi du 9 Zilhadjeh, 1318, consacra définitivement la suppression des octrois et de toutes les perceptions de raghdari dans l'intérieur du pays. Cette mesure fut accueillie dans tout le pays avec une profonde reconnaissance pour le Souverain éclairé qui venait de supprimer les barrières odieuses existant entre les populations des campagnes et celles des villes, ainsi que les raghdarkhanés où le transport des marchandises appartenant aux négociants Persans était rançonné et soumis à mille tracasseries. La satisfaction fut générale, aussi bien chez les sujets de Sa Majesté que de la part des étrangers, et le Gouvernement reçut à cette occasion les félicitations des Représentants des Puissances étrangères.

Ainsi que je l'avais prévu, la suppression des barrières intérieures imprima un nouvel essor au commerce général du pays, puisque, nonobstant la perte résultant de la suppression des douanes des villes, les recettes douanières procurèrent cette année un revenu net de 1,700,630 toman ; soit, par conséquent, une augmentation de 70 pour cent par rapport au produit antérieur de fermage et de 22 pour cent par rapport au revenu de l'année antérieure.

Durant l'année Oud-il (1901-1902) je fus autorisé à augmenter le nombre des fonctionnaires Belges afin de pouvoir placer au moins un fonctionnaire de carrière dans chacun des bureaux importants et de disposer de quelques fonctionnaires de carrière pour assurer le service des inspections dans les bureaux secondaires. La dépense résultant de ces engagements fut largement rémunératrice pour le Gouvernement, puisque le revenu net des douanes s'éleva cette année au chiffre de 2,008,568 toman, soit, par conséquent, une augmentation de plus de 100 pour cent par rapport au produit antérieur du fermage et de 18 pour cent par rapport au revenu de l'année antérieure.

C'est dans le courant de cette année qu'eurent lieu à Téhéran les négociations Russo-Persanes en vue de parvenir à un accord pour la substitution d'un Tarif des Douanes plus avantageux aux besoins économiques du pays au régime créé par le Traité de Tourkmantchai de 1828, lequel établissait des droits d'entrée et de sortie de cinq pour cent indistinctement sur toutes les marchandises importées dans le pays ou

exportées du pays. Le but que le Gouvernement Persan avait à poursuivre dans les négociations se définit comme suit :—

1. Obtenir l'acquiescement de la Russie à l'élévation de certains droits d'entrée afin de procurer au Gouvernement Persan une augmentation de recettes suffisantes pour lui permettre de supprimer les droits d'entrée sur un certain nombre de produits nécessaires à l'alimentation du peuple et de supprimer les droits de sortie qui comprimaient l'exportation de certains articles de grande production.
2. Obtenir à l'entrée en Russie un Tarif conventionnel fixe nous garantissant le marché Russe pour les produits que la Perse est capable d'exporter.
3. Obtenir en même temps une augmentation de nos revenus douaniers.

J'ose dire que ces desiderata ont été réalisés dans la mesure du possible et que le nouveau régime douanier qui a été fixé par la Convention Russo-Persane a été aussi favorable aux intérêts économiques de la nation qu'aux intérêts financiers du Gouvernement. La notice que je fais suivre donne à cet égard des éclaircissements détaillés.

Les bases de cette Convention furent arrêtées en Oud-il, mais ce n'est que vers la fin de l'année suivante que le nouveau régime entra en vigueur.

L'année Bars-il (1902-1903) procura une somme de recettes nettes s'élevant à 2,079,075 tomans, soit, par conséquent, supérieures de 70,000 tomans au produit de l'année antérieure.

La mise en vigueur du nouveau Tarif résultant de la Convention Russo-Persane et d'une Convention complètement semblable conclue avec l'Empire Britannique avait été fixée au 16 Zilhadjeh, 1320, Bars-il, date correspondant au 1 (14) Février, 1903, et grâce à une Convention spéciale conclue avec l'Empire Ottoman put être rendue d'application générale. La publication du Tarif souleva d'abord une grande opposition, de sorte que durant les deux derniers mois de l'exercice il se produisit un ralentissement notable dans l'envlèvement des marchandises des entrepôts de douane.

L'opposition que je viens de signaler disparut presque complètement dès le deuxième mois de l'année suivante, Tavichkhan-il (1903-1904), et les affaires commerciales du pays se développèrent de telle manière que, nonobstant la suppression presque complète des droits de sortie, le revenu net des douanes atteignit la somme de 3,037,894 tomans, c'est-à-dire que le revenu que le Gouvernement retirait de ses douanes sous le régime du fermage se trouvait triplé.

L'année suivante, Loui-il (1904-1905), fut affecté par un sensible ralentissement du commerce qui doit être attribué aussi bien à la stagnation des affaires occasionnée en Russie par la guerre Russo-Japonaise, qu'à l'indécision infligée au commerce par l'épidémie de choléra qui ravagea le pays. Les recettes douanières ne s'en élevèrent pas moins à la somme de 2,607,000 tomans, chiffre sensiblement inférieur à celui de l'année précédente, mais qui n'en est pas moins encore supérieur de plus de 160 pour cent au montant du revenu donné par le fermage.

Pour l'année Ilan-il (1905-1906) les recettes se maintinrent à peu près au même niveau, 9,550,000 tomans, nonobstant que la récolte de l'opium ayant presque complètement manqué par suite de froids tardifs les exportations de cette substance furent presque nulles et que la douaneregistra de ce chef une diminution de recettes d'environ 260,000 tomans.

Ces chiffres montrent que le commerce général s'était sensiblement relevé en Ilan-il, ainsi qu'on le verra d'ailleurs plus loin par les chiffres de la statistique dont je donne un résumé succinct.

Si maintenant on récapitule les chiffres des recettes que je viens d'énumérer, on voit que les sept années d'administration des douanes ont procuré au Gouvernement environ 31 kourours de recettes nettes, tandis que les sept années de fermage ayant précédé ces sept années d'administration n'ont pas procuré au Gouvernement 14 kourours de recettes.

Il suffit de citer de pareils chiffres, aucun commentaire ne pourrait renforcer la démonstration qui en résulte.

Après avoir exposé les avantages financiers que le Trésor de Sa Majesté a retirés de la réorganisation des douanes, il est essentiel d'examiner quels ont été pour le commerce du pays les résultats des réformes apportées par l'Administration au régime douanier qui existait auparavant, réformes qui se caractérisent par la suppression des douanes intérieures et par la suppression de la plupart des droits de sortie. C'est à la statistique commerciale qu'il faut recourir pour en faire la démonstration.

En Zitchankhan-il, première année durant laquelle il fut possible de faire dresser une statistique commerciale sérieuse, la valeur des importations s'est élevée à 255,380,057

kran et celle des exportations à 147,323,165 kran, de sorte que les importations ont représenté 64 pour cent du commerce général et les exportations seulement 36 pour cent.

Nous nous trouvons alors sous le régime des octrois et des raghdaris dont la charge venant s'ajouter à celle des droits de sortie constituait un véritable obstacle au développement de nos exportations.

En Oud-il le total des importations a atteint 298,577,216 kran et celui des exportations 150,597,757 kran. Le commerce général de la Perse avait donc augmenté en un an de 46,471,751 kran, c'est-à-dire de 11 pour cent, et on peut voir dans ce premier accroissement les débuts de l'influence heureuse qu'eut sur le commerce du pays la suppression des octrois et des raghdaris qui venait d'être réalisée.

En Bars-il l'importation subit une légère diminution due, ainsi que je l'ai dit précédemment, au fait que, durant les dernières semaines, les négociants s'abstinrent de dédouaner leurs marchandises; mais par contre les exportations augmentèrent sensiblement, passant de 150,597,757 kran à 189,020,079 kran, ce qui représente un accroissement de 38,422,322 kran, ou 25 pour cent, et ce qui justifiait les espérances les plus optimistes fondées sur la réforme décrétée par la Loi du 9 Zilhadjeh, 1318.

Les résultats de l'année Tavichkhan-il offrent un intérêt tout spécial en raison du fait que cette année est la première pendant laquelle le nouveau Tarif résultant de la Convention Russo-Persane a été mis en vigueur.

On se rappelle les sombres prédictions que certaines personnes se plurent à faire à cette occasion: le commerce Persan devait être complètement ruiné, il ne restait plus aux négociants qu'à fermer leurs boutiques, &c.

Pour ma part, j'étais parfaitement tranquille, parce que je savais que le nouveau Tarif avait été établi de manière à favoriser le commerce et j'avais la conviction que, au lieu de diminuer, le trafic international Persan ne pouvait que se développer considérablement. Les événements démontrèrent que je ne m'étais pas trompé, puisque les résultats de Tavichkhan-il prouvent que le nouveau Tarif donna, tant aux importations qu'aux exportations, un prodigieux essor.

De 462,462,743 kran, en Bars-il, le commerce général Persan atteint 639,810,662 kran, une augmentation de 177,347,919 kran, ou 38 pour cent sur l'année antérieure.

Durant l'année Loui-il le commerce souffrit de la guerre Russo-Japonaise et des troubles qui en résultèrent; de plus le choléra causa également un ralentissement sensible dans les affaires, de sorte que le total du commerce extérieur n'atteignit plus que 597,975,953 kran.

Mais ce ralentissement causé par des circonstances exceptionnelles et absolument indépendantes des modifications apportées au Tarif des Douanes, ne s'est heureusement plus manifesté l'année suivante, Ilan-il, laquelle donne—

	Krans.				
Pour les importations	386,463,091
„ exportations	293,143,331
Soit au total	679,606,422

C'est le plus haut chiffre obtenu; il présente par rapport à Tavichkhan-il, qui auparavant avait été notre meilleure année, une augmentation de 39,795,760 kran, et par rapport à Loui-il une augmentation de 81,730,469 kran.

On constate par conséquent que depuis la suppression des fermages des douanes et les réformes apportées dans le régime économique du pays par la nouvelle Administration des Douanes, le trafic extérieur de la Perse s'est considérablement développé. En l'espace de six ans, les importations de produits étrangers en Perse sont passées de 255,380,057 kran à 386,463,091 kran, présentant une augmentation de 131,083,034 kran, ou 68-76 pour cent.

Durant la même période la valeur des produits Persans vendus à l'étranger est passée de 147,323,165 kran à 293,143,331 kran, présentant une augmentation de 145,820,166 kran, ou 99 pour cent, c'est-à-dire que les exportations Persanes en six ans ont presque doublé.

Aucun pays d'Europe n'a vu dans un délai aussi court ses exportations se développer dans de pareilles proportions.

Et il se trouve malgré cela des gens qui continuent à prétendre que l'Administration des Douanes a ruiné le commerce Persan. C'est de l'inconscience ou de la mauvaise foi.

Nous avons d'autant plus lieu de nous réjouir des résultats obtenus que, grace au

nouveau Tarif, les exportations se sont développées plus rapidement que les importations, ce qui, comme votre Majesté le sait, est absolument indispensable pour la Perse. Alors qu'en Zitchkhan il les parts proportionnelles des importations et des exportations dans le commerce général étaient respectivement de 64 pour cent et 36 pour cent, en Ilan il les importations ne représentaient plus que 56 pour cent du commerce total, et les exportations 44.135 pour cent du commerce total.

Le progrès est donc très sensible, et l'on peut nourrir le ferme espoir de voir avant peu d'années le commerce extérieur Persan présenter une balance favorable, c'est-à-dire un excédent des exportations sur les importations.

Pour cela il faut que le Gouvernement fasse tout ce qui est en son pouvoir afin de favoriser les exportations. Personne n'ignore que la région du Khorassan pourrait produire dix fois plus de céréales que la population de la province n'est capable de consommer; et tout le monde sait aussi que si les cultivateurs de cette région n'ensemencent pas toutes les terres qui sont à leur disposition, c'est parce que les continuelles et soudaines interdictions que les Gouverneurs opposent à l'exportation ne leur permettent pas d'avoir la certitude de pouvoir vendre pour l'étranger la partie de leurs récoltes qui excèdent les besoins locaux.

La même situation existe dans la Province de Kermanschah et sans doute encore dans d'autres régions du pays.

L'élevage du bétail, et tout spécialement celui du mouton, pourrait être considérablement développé et fournir un contingent important pour nos exportations si, au lieu de les interdire comme on le fait sur presque toutes les frontières, on le favorisait, à l'exemple de ce qui est pratiqué par tous les Gouvernements Européens.

La Perse possède un territoire quatre fois plus étendu que celui de la France et une population quatre fois moins nombreuse, de sorte que, bien loin de devoir craindre la famine, ses habitants peuvent faire produire à leur sol d'énormes quantités de céréales et d'autres produits dont l'exportation leur assurerait de véritables richesses.

Il appartient au Gouvernement d'encourager toutes les initiatives qui tendront vers ce but et en même temps de mettre en œuvre tous les moyens d'action dont il dispose pour assurer l'amélioration des routes et parvenir à la construction des chemins de fer dont la création permettra enfin à la Perse de mettre en valeur les immenses ressources minières de son domaine.

Voilà l'œuvre devant laquelle se trouve maintenant placé le Gouvernement. Je me permets de la signaler ici, persuadé que dans sa haute sagesse votre Majesté voudra et saura faire tout ce qui est nécessaire pour donner la prospérité au peuple que Dieu a placé sous sa garde.

J'ai, &c.
(Signé) J. NAUS.

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No. 190.

Sir C. Spring-Rice to Sir Edward Grey.—(Received March 18.)

(No. 36.)

Sir,

Tehran, February 24, 1907.

INFORMATION which is believed by the German Legation to be authentic has arrived to the effect that a German subject has been murdered by Kurds at Soujboulak on the Turkish frontier. A Zoroastrian Persian subject has been murdered at Yezd. At Isfahan the bigoted Mujteheds, Agha Nejefi, threatened an attack on the Christian Mission, and severe measures have been announced against the Jews. The general tone of the National Assembly is distinctly anti-foreign and the dismissal of the Belgians was the result of a determined popular demand. At several places a campaign has been constituted against the Imperial Bank, which, however, has been hitherto unsuccessful.

In spite of the various signs of an anti-foreign movement, I have been struck by the evident desire of the leaders in Tehran to prevent any outrages against foreigners in Persia, and I have no doubt whatever that the great religious leaders, as well as the Government, will do all in their power to prevent any such action which, as they are fully aware, must lead eventually to foreign intervention. I have received continual assurances to this effect which I believe to be genuine.

At the same time there is undoubtedly a powerful anti-dynastic movement, especially at Tabreez (where it is based on personal experience of the reign of a Sovereign) which may easily lead to serious disorder. And it is evident that the Shah, who has already owed so much to Russia, must look to his former friends for protection and support in

his present troubles. And apart from the natural sympathies of the Russian Government for a monarch in distress there would be undoubtedly a considerable degree of danger to Russian interests in the Caucasus in a successful revolutionary uprising at Tabreez.

I have frequently spoken to my Russian colleague on this question. He is naturally much impressed by the warnings which reach him from M. Naus and the entourage of the Shah, as well as from his agents at Tabreez and Resht. At the same time he is quite determined to avoid all appearance of intervention, as long as intervention is not justified by a direct attack on Russian lives or property.

I think, however, it would be as well to be prepared for circumstances under which the patience of Russia may be exhausted. M. Naus, who has so faithfully served Russian interests for so long in Persia, has been dismissed. The Shah, who is, par excellence, the protégé of Russia, is seriously threatened. Russian concessions are continually the subject of attacks in the Assembly. The border Province of Azerbaijan is in a scarcely veiled state of revolt.

I am convinced that the best policy in the interests of Europeans in general is one of abstention from interference in domestic politics, and of general sympathy in the difficulties through which Persia is now passing. I do not believe that, unless Europeans show a decided intention of interfering with them, Persians will interfere seriously with Europeans. But it is as well to be prepared for all eventualities, and it is not impossible that circumstances may arise which will necessarily lead to Russian intervention.

I have, &c.
(Signed) CECIL SPRING-RICE.

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No. 191.

Sir C. Spring-Rice to Sir Edward Grey.—(Received March 18.)

(No. 37.)

Sir,

Tehran, February 24, 1907.

I HAVE the honour to inclose herewith translation by Mr. Churchill of the Charter of the National Bank of Persia,* together with a Memorandum on certain points connected with it.

This Charter does not become valid until the bank has been able to produce the necessary capital. Under these circumstances it is not improbable that application will be made for foreign financial assistance. A German banker (Herr Gutmann, who is known to Lord Cromer) is expected to arrive shortly, and it is generally believed that he will be approached on behalf of the National Bank promoters. It is also stated that the Persian Government intend to establish a financial agency in Berlin, and, according to trustworthy information, confirmed by the French Ambassador in St. Petersburg, the Persian Minister in Paris has made informal applications to French bankers for financial assistance.

Yesterday, in a conversation with Mr. Churchill, the President of the Assembly actually suggested the possibility of financial assistance from England.

I would venture to call your attention to the fact that, from a financial point of view, the offers of the National Bank might appear attractive to the foreign investor, for the bank holds the exclusive right to all concessions in Persia, and partnership in the bank would entail the right to share in its privileges. Among possible concessions the most attractive is that for the irrigation of the Karun Valley. I understand from the Dutch Minister that the Moin-ul-Tujjar, who is the Agent of the Sheikh of Mohammerah, has communicated to the Dresdener Bank copies of plans and estimates relative to this enterprise, which he obtained at Ahwaz.

You will observe that under existing circumstances the only road to obtain a concession is through the National Bank; that the National Bank is in want of capital, and that it would be easy for a foreign bank to pay off the debts of the Persian Government, in current account, to the English and Russian banks, and thus obtain an annual sum as interest on these debts amounting to about 90,000*l.* a-year, which would supply the National Bank with sufficient resources to cover their current expenditure.

The position of the Imperial Bank would be seriously threatened by such a proceeding, as their profits are largely due to the interest paid to them by the Persian

* Not printed.

Government. I would observe, in addition, that, as the employés of the bank are discontented with the treatment accorded to them by the London Directorate, it would not be difficult to obtain the services of a large number of them, especially if it is true, as stated, that Herr Gutmann's assistant is a former employé of the Imperial Bank. I have heard from various sources that offers have actually been made on behalf of the National Bank to high officials of the Imperial Bank, which, however, have been refused.

From a business point of view, it is notorious that two banks are more than sufficient for Persia, and that there is no room for a new one. The National Bank must subsist by withdrawing business from the existing banks, and it will be supported by all the resources of the popular party, who will do all in their power to render nugatory the privilege of issuing notes now possessed by the Imperial Bank, and which of course stands in their way. For this purpose they will be able to make use of the preferential treatment accorded to them as to the importation of silver, as this will enable them to control the supply of coin and thus greatly facilitate a run on the Imperial Bank. They will also, no doubt, as has already been previously done, issue bills of their own which will serve the purposes of bank-notes, and which will practically infringe the Imperial Bank's monopoly.

The obvious solution of the difficulty is the creation of an international bank into which the National Bank, with all its privileges, should be incorporated, but I presume that such a proposal could only be considered as part of a general settlement.

In the meantime, after consultation with my Netherlands and Russian colleagues, I have telegraphed to you the suggestion made to me by the former gentleman, that in order to compete with a possible German offer, an international Syndicate should be formed with a view to obtaining through the National Bank the right to share in a Concession for the irrigation of the Karun Valley.

I have, &c.
(Signed) CECIL SPRING-RICE.

Inclosure 1 in No. 191.

Memorandum by Mr. Churchill.

THE following passage occurs in clause 2 of the National Bank's Concession:—

"All the revenues of the State of every kind in Tehran and the provinces must be paid into the Bank."

The Loan Contract of 1900 between the Russian and Persian Governments contains the following clause:—

"Article 5. La totalité des revenus des Douanes Impériales de Perse sus-indiquée (Article 4) sera versée à Téhéran à la Banque des Prêts de Perse, qui prélèvera sur ces revenus l'annuité semestrielle dans le délai prévu de soixante-quinze ans."

The clause was repeated textually in the second Contract of 1902. The Persian Government is therefore not at liberty to promise the payment of all State revenues to the National Bank.

2. The Chief Manager of the Imperial Bank wrote to His Majesty's Minister on the 9th instant as follows:—

"We consider it of vital importance to point out to you the wording of Article VIII.

"When silver is necessary for minting purposes the National Bank will have the right of priority on equal terms with others importing the same and selling it to the Mint.

"The campaign of misrepresentation and falsehood carried out against us throughout Persia with a view to creating panic amongst our note-holders has for its object the possibility of our having somewhere or other to make default, when a claim would be made for the forfeiture of our Concession on that ground.*

* This refers to Article 3 of the Imperial Bank's Concession and to the following paragraph:—"But as soon as the bank be unable to pay the value of one of its notes, the circulation of bank-notes shall be prohibited throughout the Empire."

"The punctual payment of notes [depends upon the supply of silver coin which, as you know, is always extremely scarce here. Our ultimate means of replenishing our treasury is to import silver to be minted.

"The National Bank, in accordance with Article 8, would have the monopoly of the supply of silver and thus hold the Imperial Bank at its mercy.

"We must therefore protest in the most emphatic manner against this Article as being a virtual withdrawal of our Concession."

3. The wording of Article 4 of the National Bank's Concession, which runs as follows:—

"The National Bank will have the right to the Concession for the issue of bank-notes in all Persia after the expiration of the Imperial Bank's Concession or its termination. . . ."

bears out M. Rabino's remarks. The words "or its termination" were inserted as the result of protracted debates by the Assembly on the subject. The Imperial Bank has unfortunately a determined enemy in the Assembly in the person of Mirza Abul Hassan Khan, who was for about fifteen years M. Rabino's chief interpreter and has now been dismissed. M. Priem has a similar personal enemy in the House—a man called Ahsen-ed-Dowleh, who was imprisoned at Tabreez, at M. Priem's instance, for gross dishonesty.

(Signed) G. P. CHURCHILL.

Inclosure 2 in No. 191.

M. de Sturler to Sir C. Spring-Rice.

Cher Collègue, *Légation des Pays-Bas, Téhéran, le 24 Février, 1907.*
PERMETTEZ-MOI de vous donner ci-inclus copie de votre dictée de cet après-midi—résultant de notre entretien—qui pourra vous être de quelque utilité pour votre télégramme à Londres. Le contenu de votre dictée rend une image véritable de la situation actuelle et des efforts tenaces des Allemands pour entrer en scène et s'établir dans ce pays.

C'est un danger réel, comme vous dites, mais aussi imminent, car ils sont bien accueillis ici, ont trouvé en cachette un appui influent et travaillent sans apparence énergiquement. Comme je vous l'ai dit, il m'a paru très significatif que notre collègue d'Allemagne ne m'a jamais soufflé mot de l'affaire d'Ahwaz; il me donne même l'impression d'éviter toute conversation à ce sujet, malgré les déclarations et instances du Baron de Richthofen. Cela m'a rendu ma conduite encore plus réservée et plus prudente envers lui et envers les Persans; c'est pourquoi j'ai défendu M. Graadt van Roggen de correspondre directement avec les autorités.

Par le fait que je vous ai communiqué que le projet d'Ahwaz se trouve chez la "Dresdener Bank" à Berlin, j'ai compris que les Allemands se sont mis à l'œuvre sans perdre du temps, et cela explique leur tactique de silence envers moi; ils veulent simplement nous placer devant un fait accompli.

Dans ces circonstances, il me semble que le chemin indiqué et le plus pratique est de ne pas perdre à ce moment du temps en envisageant la situation actuelle et les difficultés ultérieures pour obtenir la Concession d'Ahwaz, mais d'enlever les obstacles qui empêchent momentanément la formation vite d'un Syndicat de Banquiers, afin qu'ils puissent envoyer le plus tôt possible un délégué ici pour entrer en pourparlers et négocier l'affaire avec le Gouvernement.

Car vous comprendrez bien que les personnes intéressées et les banquiers ne veulent et ne peuvent rien faire ni former un Syndicat ou consortium, n'étant pas sûrs d'avance des sentiments favorables de votre Gouvernement pour cette entreprise, et de ne pas rencontrer plus tard des difficultés politiques insurmontables de la part de votre Gouvernement. Et aussi le Gouvernement Persan ne veut rien savoir des propositions d'Ahwaz, sans être assuré d'avance des sentiments favorables de votre Gouvernement.

Aussitôt que notre Ministre à Londres aura reçu de Sir E. Grey la déclaration des sentiments favorables de votre Gouvernement pour cette entreprise internationale—pareille déclaration m'a déjà été donnée, comme vous le savez, par M. de Hartwig de la part du Gouvernement Russe—on n'attend que sur pareille assurance de votre Gouvernement pour aller en avant. Alors M. Graadt van Roggen pourra

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sans perdre plus de temps commencer à travailler pour former le Syndicat de Banquiers.

Il faut agir maintenant pour devancer et contrecarrer les projets et démarches Allemands. Voilà la situation dans laquelle se trouve l'affaire actuellement, et qui à cause de plus de retard pourra nous échapper bon et bel.

Veuillez, &c.
(Signé) J. E. DE STURLER.

Inclosure 3 in No. 191.

Suggestions formulated by Sir C. Spring-Rice.

NOUS sommes, après échange de vues avec les Ministres d'Angleterre et de Russie, d'avis que le moment n'est pas très favorable de faire directement au Gouvernement Persan des propositions pour obtenir la Concession d'Ahwaz, vu le fait que la Constitution Persane défend toute Concession étrangère sans consentement du Parlement et que le sentiment populaire se déclare de plus en plus contre toute ingérence étrangère.

Au même temps nous croyons de notre devoir d'appeler l'attention de nos Gouvernements au fait que la chartre de Banque Nationale lui donne le droit exclusif de toutes concessions.

La chartre ne peut pas être mise en vigueur avant que la Banque Nationale a donné preuve de la possession d'un capital suffisant; nous avons raison à croire que le groupe Allemand est prêt à fournir ce capital, et en échange recevoir des participations aux droits de concessions.

Dans ces circonstances il nous paraît désirable de saisir le Gouvernement Persan d'une proposition avant que les Allemands sont en scène.

Dans la situation actuelle en Perse il y a beaucoup des difficultés pour obtenir la Concession et pour son exploitation.

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No. 192.

Sir C. Spring-Rice to Sir Edward Grey.—(Received March 18.)

(No. 38.)

Sir,

Tehran, February 27, 1907.

I HAVE the honour to inclose herewith an interesting Memorandum prepared by Mr. Churchill on the subject of the proceedings of the National Assembly.

In the course of the last month the Assembly has tried conclusions with the Sovereign, and has been markedly successful. It demanded the dismissal of M. Naus and M. Priem, the two principal Belgian employés of the Government, and the formal recognition of the fact that the Persian Monarchy was "constitutional" and "limited." Both demands were complied with.

I understand that the Shah was induced to yield by the alarming news which reached him from all quarters—especially from Tabreez—as to the probable consequences of a refusal on his part. It is also stated that His Majesty has received warnings to the effect that an association of "fedavi," or "devoted persons," exists with the avowed object of imitating the policy of the ancient Persian sect of assassins.

The Assembly showed much determination. The members waited all day, mostly in silence, for the Shah's answer, and refused to allow any one to leave the House until its arrival, which did not take place till late in the evening. In the garden outside the House a crowd of about 3,000 persons waited all day in perfect order, and on the arrival of the Shah's messenger burst into prolonged cheers. The merchants were prepared to close the bazaars, and constant telegraphic communication was kept up with the popular leaders in the provinces. The arrival of the Deputies from Tabreez was the signal for a great popular manifestation, and they were given almost royal honours. I am told by an eye-witness that the approaches of their lodgings were crowded with an eager throng waiting for an opportunity of kissing their garments.

The great Mujtehedes, although their popular sympathies are supposed to be lukewarm, have also played their part, and sermons have been preached in the Mosques appealing to the patriotism of the Persian people. I have the honour to inclose transla-

tion of an address by Seyed Jemal, which, I venture to think, is an interesting sign of the times.

It must not, however, be assumed that the popular movement, though well organized and so far successful, will be proof against the effects of the national vices of treachery and corruption, and the want of determination, persistence, and the power of organization. What, however, is so far abundantly proved is that a national movement of a semi-political and semi-religious character does exist and is spreading. The great Mujtehedes of Kerbela are now entering on the scene, and delegates are being sent out from the capital to the provinces to preach the principles of liberty.

Patriotism, of a distinctive Persian type, has always been the characteristic of the Shiite believers. The present Shah of Persia has no religious status, and, in the view of the religious leaders, no fundamental right to the allegiance of the Persians, whose real chief is no living King, but the twelfth Imam, the coming Messiah, even now present on the earth, though unseen. The patriotism of the Shiite does not therefore centre in the person of the Kaliph, but is, or can be, of a highly revolutionary character.

I have, &c.
(Signed) CECIL SPRING-RICE.

Inclosure 1 in No. 192.

Summary of Proceedings of Persian National Assembly from January 31 to February 26, 1907.

Thursday, January 31.—In reply to the letter addressed by the Assembly to the Sadr Azam, which was quoted in the last Report of the proceedings of the Assembly, the following letter was received from the Sadr Azam:—

"I have taken note of the contents of your note respecting the introduction of responsible Ministers to the National Assembly. Although the question of the duties of the Cabinet is well known to the public and needs no explanations, it has yet been arranged that for further amplification the responsible Ministers who are in office should to-day attend the National Assembly, in order that all the Members of the Assembly should be aware of the explanations with regard to their introduction."

The following eight Ministries were represented:—

Mushir-es-Sultaneh	..	..	Minister of Justice.
Vezir Afkham..	..	..	" Interior.
Ala-es-Sultaneh	..	..	" Foreign Affairs.
Naser-ul-Mulk..	..	..	" Finance.
Ala-ul-Mulk ..	..	..	" Education.
Mohandis-ul-Mamalek	..	..	" Mines.
Vezir Lashker..	..	..	Representing Minister of War.
Ezz-ul-Mamalek	..	..	" Commerce.

The President of the Assembly began the proceedings by making a speech to the effect that the presence of the responsible Ministers was required because it was found that without their aid the Assembly was not in a position to carry out the contemplated reforms in the interests of the nation and Government. At the request of Saad-el-Dowleh the letter addressed to the Sadr Azam on the 29th January was read, when he pointed out that the Sadr Azam had not carried out the request of the Assembly to introduce the Ministers in person. He then questioned the Ministers as to their willingness to co-operate with the Assembly and as to their responsibility. The Foreign Minister, in reply, accepted responsibility, and stated that he would willingly reply at any time to any questions on public matters which the Assembly might put to him. The Minister of Finance, while ready to assist the Assembly to the best of his ability, could not accept full responsibility until proper regulations had been drawn up for his guidance. This, in his opinion, held good with respect to all Ministries; and the regulations could not be made by the Ministers themselves, but must be prepared by a Committee and ratified by the Shah.

Several members then desired to know whether there were any more Ministers besides those present, and M. Naus' name was brought up. Saad-ed-Dowleh said that M. Naus could not be a Minister as the nation did not recognize him as such.

Referring to the Sadr Azam's letter the President said that the request made by

the Assembly had not been complied with; they had asked the Sadr Azam to introduce the responsible Ministers to them in person; some had accepted responsibility and some had not. They must wait for a more satisfactory answer.

Saturday, February 2.—The House did not sit, on account of the great Moslem festival of "Aid-i-Ghadir."

Sunday, February 3.—Two Government Delegates (Mohtashem-es-Sultaneh and Mukhber-es-Sultaneh) attended on behalf of the Government and presented a letter from the Sadr Azam containing the following passage:—

"The Ministers of the Imperial Government who, within the limits of the constitutional laws, are responsible to His Imperial Majesty the Shah, and may be referred to by the National Assembly, are the following:—

Here follows a list of the eight Ministries represented on the 31st January, but not including the Ministers of Customs, Posts, and Mint held by M. Naus. The Government spokesman declared that in no country in the world was the Minister of War responsible to the nation, but to the Sovereign. With regard to M. Naus he stated that the Ministry of Finance was responsible for the Department under him. He at the same time presented to the House a copy of the concession for the National Bank which the Shah was prepared to ratify. The Assembly did not appear at all disposed to accept the evasions of the Government, whose Representatives were treated with so little respect that they were eventually forced to retire. There was a general protest on all sides against the attitude of the Government, and M. Naus was severely criticised. Saad-ed-Dowleh took a prominent part in the debates.

Tuesday, February 5.—A new Isfahan member read a long speech, asking a number of questions regarding the work done by the Assembly, to which the President replied in detail. He stated that the drafting of regulations for the different Ministries was actually in hand, but that the matter would take time. One of the members then reverted to the question of the customs, and accused M. Naus of dishonesty, which he said he was prepared to prove. He said that no Princes should be appointed to Ministries or Governorships. With regard to M. Naus, he enumerated a long list of accusations, and laid at his door the handing over of the Meshed-Seistan telegraph line to the Russians. Another member strongly advocated the degradation of M. Naus from the post of Minister, and a heated discussion followed. The President, after repeated attempts to call the members to order, and after impressing upon them the futility of wasting their time on the denunciation of M. Naus, eventually lost patience and left the Assembly. A scene of much disorder ensued, in which the spectators played a prominent part, calling upon the Deputies to resign. The President eventually returned, when order was gradually restored, and the Regulations and Election Laws for the Senate were read for the first time. At the close of the sitting the spectators made a demonstration outside, and passed a Resolution not to allow the President or the members to leave the House until they should have promised to vote at the following sitting for M. Naus' dismissal. The President then appeared at the top of the stairs, and stated unequivocally that he for one would never make such a promise. M. Naus' dismissal would not, in his opinion, be in the interests of the nation, and he was therefore against it. The crowd then dispersed.

Thursday, February 7.—Saad-ed-Dowleh and the Mujtehedes, as well as the principal merchants, were not present, as they were obliged to attend at the telegraph office to communicate with Tabreez, where a popular demonstration was in progress, in sympathy with the Assembly, for the purpose of strengthening their hands against the obstruction of the Government. The House devoted the sitting to the reading of the Assembly's Regulations, and the President made a speech impressing patience and moderation upon his hearers. He stated that the House did not sit to discuss personal grievances or to inquire into the complaints of private persons, but to draw up laws and regulations for the guidance of the Ministries, including that of Justice. The further reading of the Assembly's Regulations was interrupted by some Resht students of theology, who loudly protested against the way the Assembly wasted its time. Their grievance was in connection with the Russian Concession for fisheries in the Caspian, and they were eventually induced to proceed to an adjoining room, where their complaints were investigated.

On Friday, the 8th, the Tabreez Deputies arrived.

Saturday, February 9.—The sitting was held with closed doors. The Tabreez members took their seats. The House was composed of 82 members, 56 for Tehran and 26 for the provinces. The state of affairs at Tabreez was discussed, and after a lengthy debate a letter was addressed to the Sadr Azam inclosing a list of demands.

The letter urged the granting without delay of the demands of the people in order to quell the commotion at Tabreez, which threatened to spread to other parts of the province, or even to Tehran itself. The demands were as follows:—

1. An interpretation of the word "constitution," as understood by the Government.
2. Number of Ministers to be fixed at eight, which must not be exceeded, except in case of need, when, by order of His Imperial Majesty the Shah, and by approval of the National Assembly and Senate, an increase or decrease may be made.
3. All other persons having the title of Minister to be deprived of the same. The honorary title of Minister to be discontinued, with the exception of the Minister of the Court. Further, the acceptance of the responsibility towards the National Assembly on the part of those eight Ministers.
4. No foreigner to be given the post or title of Minister.
5. Provincial Assemblies to be formed in all the provinces, in accordance with regulations to be made for them.
6. The dismissal of M. Naus and M. Priem, who are not to be permitted to interfere in Customs affairs; and the detention of M. Lavers temporarily at Tabreez until instructions should reach him.
7. Dismissal of Saad-ul-Mulk from Government employ.

Sunday, February 10.—The sitting was again held with closed doors. A Government Delegate attended with an answer from the Sadr Azam. The Shah required five days in which to consider the points raised. A great deal of discussion ensued, and eventually the Government Delegate left to report to the Shah, and returned at 8.30 with the following letter:—

"I have taken note of the debates of the Assembly regarding the statements of the people of Tabreez as reported by Mukhber-es-Sultaneh, and I have submitted a Report on the subject to His Imperial Majesty the Shah. In view of the fact that His Imperial Majesty's desire has always been to help the progress of the affairs of the nation and to satisfy the wishes of his subjects, and in view of His Imperial Majesty's gracious benevolence and the complete unity which His Imperial Majesty has always had with every individual member of the nation for its prosperity and welfare, His Imperial Majesty has commanded that M. Naus and M. Priem should be dismissed from the posts of Minister and Director of Customs and Posts, and be relieved of the duties intrusted to them, and His Majesty's orders will be communicated to them. I have the honour to write, for your information, that, in accordance with the Royal commands, from this date they will not be in the service of the Customs.

(Sealed) "Mushir-ed-Dowleh.

"Further, I write that M. Lavers has been ordered to remain at Tabreez until an arrangement is made for an inquiry into the Customs accounts.

(Sealed) "Mushir-ed-Dowleh."

At the same time the Government Delegate stated that the Shah would not accept the word "Mashrouteh" (i.e., limited monarchy), but was prepared to authorize the use of the word "Mashrouh" (i.e., constitutional). Saad-ed-Dowleh informed the public, who were clamouring outside for news, of the result attained. They received the news of the dismissal of Messrs. Naus and Priem with enthusiasm, but insisted on the word "Mashrouteh." As it was getting late, the Mujtehedes proposed to adjourn the sitting until the following day, to discuss the answer to be given to the expectant populace at Tabreez, and to give a decision with regard to the words "Mashrouteh" or "Mashrouh." This was eventually agreed to, and the House rose.

Monday, February 11.—The following letter was addressed by the Assembly to the Sadr Azam:—

"It is obvious to the Government and the nation that as soon as the National Assembly was formed a Constitution" [the word is translated in Persian books and newspapers "Mashrouteh"] "was framed, and, according to a Firman signed by His Majesty, the limits of the Constitution were fixed. It was stipulated in the same Firman that the Assembly and the Government should co-operate in consolidating the foundations of the monarchy, organizing the Government Departments, and providing for the welfare of the people.

"The cause of the excitement at Tabreez, Tehran, and elsewhere is that people think the Government is not giving sufficient support to the execution of the

constitutional laws, and they attach importance to the 'Mashrouteh,' because this word has previously been inserted in the official notice issued at Tabreez. The Assembly's efforts to explain the facts to the people have proved futile, and it is now the common belief that, if a special Rescript using the distinct word 'Mashrouteh' is not issued, the Government officials will not consider themselves bound to carry out the constitutional laws.

"We therefore request your Highness to submit the matter to His Imperial Majesty the Shah, in order that His Majesty may be graciously pleased to allow the word in question to be used in connection with the Constitution, and thus remove the anxiety of the people."

The following paper was sent as an inclosure:—

"The dynasty will remain for ever in the family of His Imperial Majesty Mohammed Ali Shah. In accordance with the Imperial command, the sovereignty will be in the male line of the Royal Family. His Imperial Majesty Mohammed Ali Shah will give every support to the work of perfecting the laws of the limited monarchy which have been approved of by the Assembly and signed by his late Majesty. The Assembly is now drawing up regulations for amplifying the laws respecting the provincial Assemblies. They will be submitted to His Imperial Majesty for signature, and will then be put into execution."

The Shah had been apparently thoroughly frightened, and it is reported by an eye-witness that when these documents were read to His Majesty he asked for the inclosure declaring that "the dynasty will remain for ever in the family of Mohammed Ali Shah," and carefully placed it in his purse. On the same day (i.e., the 11th February) the following Rescript was issued:—

"His Highness the Sadr Azam,

"The Castle of Gulistan at Tehran."

"We have already issued a Rescript announcing that our gracious good-will for the protection of the fulfilment of the Articles of the constitutional laws, the signature of which we ourselves obtained from his late lamented Majesty, is greater than the nation can conceive. It is evident that on the very same day when the Firman of his late lamented Majesty was issued, and it was commanded that a National Assembly should be formed, the Persian Government joined the number of limited monarchies* and became constitutional.† The object of the Government was that the necessary laws for the regulation of the Ministries and Government Departments and Local Committees should be drawn up in accordance with the laws of the Prophet, and then be put into execution.

"Communicate the original of this our Rescript to their Reverences the Chief Priests and the Members of the Assembly.

"[In the Shah's handwriting] 'It is correct.'"

No mention has since been made of the other five demands made by the Assembly on the 9th February, and the people are apparently satisfied by the granting of the two principal ones. On the 12th February the Assembly held a short sitting, at which Saad-ed-Dowleh pressed for the removal of all the Belgians employed in Persia. This proposal was strongly opposed by the President, who blamed Saad-ed-Dowleh for pushing his personal spite too far.

Sunday, February 17.—The sitting was devoted to the reading for the first time of a Bill dealing with the Municipal Assemblies in general. The document was voluminous, and took two hours to read. A telegram was then read from Bajgiran (north-east frontier), sent to the Assembly by some Persian subjects, bearing witness to the sale of Persian women on the Russian boundary. As this matter had already been brought up by those who pressed for the recall of the Governor of Khorassan, it was looked upon as conclusive evidence, and created much sensation.

Tuesday, February 19.—M. Naus was again under discussion, and several speakers stated that, though he and M. Priem had been dismissed, they still interfered in the affairs of the Customs. M. Lavers, they said, had already left Tabreez, though the House had been promised that he would be detained there. It was decided to interpellate the Minister of Finance on the subject of the Customs, and to ask for his presence at the following sitting. Saad-ed-Dowleh read a letter addressed to him by a lady at Kazvin, who sent him her jewels and ornaments, the proceeds of the sale of which she

* The Arabic word "Mashrouteh," or conditional, is used.

† The actual word "constitution" is used.

wished to subscribe to the National Bank. The speaker seized the opportunity to earnestly advocate the formation of the National Bank, without which, in his opinion, no reforms could be brought about. He urged the necessity of advancing the money required by the Government, and asked the provincial Members to telegraph to their constituents for immediate subscriptions. Telegrams were accordingly sent. Saad-ed-Dowleh told the members, in a loud voice, that the Europeans said they Persians were beggars, and could not collect the money required by the Government. It was their duty to show the Europeans that they could. At this juncture a letter was received from the Sadr Azam, which was read aloud. It stated that the Government was greatly in need of the funds promised by the Assembly, and for which the National Bank's Concession had been granted. One of the Tabreez Members pointed out that the Assembly must know for what purposes the money was required, and it was decided to ask the Minister of Finance to give the desired information when he should appear at the House.

Thursday, February 21.—The Minister of Finance (Naser-ul-Mulk) was present. He was questioned principally by—

Saad-ed-Dowleh (the originator of the anti-Belgian campaign).

Hajji Mohammed Ismail
Hajji Muin-et-Tujjar
Hajji Amin-uz-Zerb } Merchants.

The Finance Minister said, in reply to questions, that M. Naus and M. Priem were actually dismissed from the service of the Persian Government. He was not aware that M. Naus interfered in the affairs of the Customs, or that he gave instructions to M. Quinet, who had been appointed temporarily as Acting Director. He dwelt on the disadvantage of dismissing all the Belgians at once, and, with regard to the investigation of the accounts, he endeavoured to shield M. Naus by saying that he was not the accountant, who was still employed and was responsible. He said that the accounts would in future be submitted to him monthly, and that he would employ inspectors for the provinces, and would form a Committee for inspection at Tehran. The Finance Minister was conciliatory throughout, but some of the Members showed a disposition to press him unduly, for which they were called to order by the President. The Finance Minister was about to make a statement with regard to the finances of the country, the Budget, and the form of taxation, when Saad-ed-Dowleh and his followers again reverted to the subject of the Belgians, and insisted that they should all be sent away. The President was again obliged to interfere. The Finance Minister put the three following points to the Assembly before the House rose:—

1. Is the system by which the revenues are collected to be reformed?
2. If so, should it be done by a scientific method, or should the present system be merely modified?
3. If a reform is decided upon, shall it be put into execution simultaneously all over the country, or shall it be tried in one province only at first?

Tuesday, February 26.—The sitting was a long one, and lasted from 3:20 until 7:40 p.m. All the principal Members were present as well as the Mujtcheds Seyed Abdullah and Seyed Mohammed. The Ministers of the Interior and Finance were represented. It had been intended to open the National Bank on the 27th February, but in answer to inquiries on the subject, the President said that the Concession did not come into force until the money was advanced to the Government. As the Assembly desired to know for what purposes the money was required by the Government, the President proposed that a Committee should be formed to examine the statement of the Government's requirements, which would be produced by the Minister of Finance. One of the members expressed his conviction that the Bank could not succeed without a European Director. The cause of the present deficit was then discussed, and the degree of control which the House could exercise over the finances. A Tabreez Deputy maintained they would be in the same position a year hence as they were then, unless the present system of "pishkesh" for Governorships and other offices were abolished and a regular system introduced. He said that bribery went on as usual, and that Kavam-ul-Mulk had given 65,000 tomans (13,000*l.*) for his post under Prince Moayyed-ed-Dowleh at Shiraz, and that his Highness Rukn-ed-Dowleh had paid a substantial sum for the Governorship of Khorassan. Seyed Mohammed, the Mujtched, interrupted the speaker, saying: "Nothing is changed, bribery and corruption continue,

and the old state of affairs is unaltered. Something must be done, or the Assembly will be powerless."

Mohtashem-es-Sultaneh then entered the House and delivered a letter from the Grand Vizier, stating that he (Mohtashem-es-Sultaneh) would in future attend the sittings and give answers to any matters brought up by Deputies and requiring the attention of the Government. He then produced a statement of the financial requirements of the Government, which he proposed to read. A new Tabreez Deputy, Musteshar-ed-Dowleh (a nephew of the late Mohsen Khan, Mushir-ed-Dowleh), made an admirable speech, in which he pointed out that, in accordance with the Constitution, the House was entitled to insist upon the presence of the various Ministers themselves to answer for the Departments under their charge. In some cases in Europe the Prime Minister also took charge of a particular Department, but this was not the case in Persia. They were very pleased to receive Mohtashem-es-Sultaneh in their House, especially as he personally represented the Prime Minister, but they could not allow him to answer for the Ministry of Finance or any other Ministry. With regard to the financial requirements of the Government, they proposed to ask the Finance Minister to come to the House and discuss the matter with a select Committee.

Mohtashem-es-Sultaneh was visibly affected by the firm though courteous manner in which the House refused to listen to him.

The accusations against the Governor of Khorassan, of conniving in the sale of women and children to the Turcomans, were then renewed. One of the Deputies made a long statement on the subject, which at times moved his hearers to actual tears. The representative of the Minister of the Interior was not given a hearing, and the punishment of the Governor of Khorassan was loudly insisted upon.

More than an hour and a-half was spent discussing the three questions put to the House by the Finance Minister at the sitting of the 21st February (see above), but no definite conclusion was arrived at.

The extremists were silent with regard to the Customs question. Saad-ed-Dowleh only spoke twice.

The Moderates, headed by the President, who lean to the Government side, are not disinclined to consider the question of borrowing money from abroad in one form or another, and see no objection to the borrowing of money from abroad by the National Bank. This is, however, likely to meet with determined opposition on the part of extremists who are professedly anti-foreign, and whose constituents are composed of the mercantile and lower classes generally. The extremists are apparently aware of the inclination of the moderates, and seem to be preparing for action accordingly.

(Signed) G. P. CHURCHILL.

Inclosure 2 in No. 192.

Speech delivered by Seyed Jemal.

O Persians! O brethren of my beloved country! Until when will this treacherous intoxication keep you slumbering? Enough of this sleep. Enough of this intoxication. Lift your heads. Open your eyes. Cast a glance around you, and behold how the world has become civilized. All the savages from Africa and the negroes from Zanzibar are marching towards civilization, knowledge, labour, and riches. Behold our neighbours, who 200 years ago were in a much worse condition than we are at present, though they shall remain nameless [refers to Russia]. Behold them now how they possess everything. In bygone days we had everything, and now all is gone. The majority of the Monarchs of the whole world, and especially those of Asia, looked on us as a great nation, and as such they honoured us. Our King was called the King of Kings, and now we are reduced to such a state that our neighbours of the north and south [Russia and England] already believe that our country is their property, and that they can divide it between them when they choose. I consider the actual situation of Persia, my beloved country [though four months ago no one dreamt that he had a country to cherish], is the same as that of Afghanistan when the Ameer Abdurrahman Khan took possession of it, and installed himself at Cabul. The same Abdurrahman Khan, in his memoirs, has written: "To explain to you the actual state of Afghanistan, I can only quote to you the following tale: A man gave a sum of money to have a garden laid out for him. After a lapse of time he was informed that the garden was finished; they took him to an arid desert where only sand and stones could be seen, and they told him, 'This is your garden.'"

Astonished at this sight, the man said: 'I see no trees in this garden.' They answered: 'Only the trees are wanting.' 'But where is the water?' retorted the man. Again they answered: 'Only the water is missing.' The unfortunate man said: 'But I see no walls round this garden.' The same answer was given. Briefly, to every question he received the same answer." Now you, for God's sake, ponder awhile, and consider whether the actual situation of Persia is not the same as this garden. We ask: "Where is our army?" They answer us, "Only the army is wanting." We ask: "Where are our guns?" and we receive the same answer. Neither are our finances controlled, nor have we a proper Government. Every one robs the other's property, and does justice as he pleases, and issues orders in his own way. Nor have we any commercial laws or rules. In all Persia we have not one factory of our own, because your Government has always been a parasite, and wherever they smelt money they laid their hands on it and took from you in every way they could, rightly or wrongly. Take, for example, the sugar factory, weaving, glass factory, &c.; that even our winding-sheets are imported from abroad. In the whole of Persia we have only 1 farsak (about 4 miles) of railroad, and even this is in the hands of the Russians. History tells us that in Kashan we had 12,000 silk-weaving manufactories, whereas now we scarcely have fifty. All this is due to the autocracy and to injustice and the want of laws. Also your clergy are faulty, for the reason that from the pulpits they preach to you that "Life is short and earthly honours are only human vanities. We shall all soon pass away from this world, therefore you should only think about eternity," and so on. These sermons lead you only to the way of submission and slavery, and keep you always in ignorance. In every way, under cover of charity, tithes, or donations, they extract your money. So it is with your Monarchs, who with their tyranny and supreme power despoil you of your property, freedom, and rights. And with all this comes the strangers who receive from you all your money, and instead furnish you with green, blue, and red cloth, gaudy glassware, and luxurious furniture. These are the causes of your present state, and this is why in all Persia only the clergy, the Government officials and *entourage* are wealthy, and all the rest drag their lives in great misery.

Now, if you will think over what I have been saying to you, I who am only one of your spiritual fathers, and you know me very well that my sole object is your welfare, you will understand what your duty is to-day. It is to awaken, to develop yourselves, and to thrive, so that you Persians, like other nations, should become powerful, respected, and learned; that you should have your army, your guns, develop your commerce, have railroads that join the north to the south and the east to the west of Persia; that you should have factories of your own, and be independent of strangers. But all this cannot be obtained without one condition, and that is knowledge. Therefore, foremost of all, open schools all over the country, spread all the means for instruction, from preparatory schools to matriculation universities, send for honest and learned professors who have no pretensions to high functional positions [refers to Belgians], such as from America or from any other nation, so that your children may, with four-horse power, run towards knowledge. When instruction has been acquired they will not submit themselves to the condition of their fathers. They will stand for justice, freedom, and equality, which three things are the basis of the Koran, as I explained to you in my publications on the subject and verbally from this pulpit. I repeat once more to you now: Knowledge is the first commandment of the Koran.

May God be with you.

[8667]

No. 193.

Sir C. Spring-Rice to Sir Edward Grey.—(Received March 18.)

(No. 41.)

Tehran, February 27, 1907.

Sir,

I HAVE the honour to state that on the 8th instant M. Hartwig called on me and informed me that he had just received a warning from M. Naus that the Shah was in a situation of considerable danger owing to the non-payment of troops, and that he had urgent need of a sum of 150,000 tomans (30,000*l.*) M. Hartwig added that M. Ostrogradsky, the Manager of the Russian Bank and Russian Financial Agent, to whom he had applied for the money, had informed him that his credit was exhausted. Under these circumstances, as the matter was urgent, he suggested that the sum in question should be advanced immediately by the Imperial Bank, and

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that half of it should be repaid as soon as the Russian Government had authorized the Russian Bank to advance the money.

As I had been authorized to advance a sum of 50,000*l.* after the Shah's death for the purpose of paying the troops, on the security of the customs of Fars and the Persian Gulf, it appeared to me that the contemplated case had arisen, and I telegraphed to you for the necessary authorization.

I received the next day a letter from M. Naus, copy of which I have the honour to inclose, asking me to authorize Mr. Rabino to pay over to him the sum of 150,000 tomans, on the security of the customs revenues. I informed him in reply that I could not give Mr. Rabino my written authorization until I had received the necessary instructions.

Having received a word of warning from the Zil-es-Sultan as to the manner in which the money would probably be spent, I requested Colonel Douglas to call on the Russian Colonel in Command of the Cossack Brigade, and to ascertain from him how far it was true that the soldiers were unpaid and in urgent need of the money.

The next day, the 10th instant, I received your authorization to pay the money over, conditionally, however, on the consent of the Russian Government. I called on M. Hartwig and informed him that I could pay over the money as soon as his Government accepted the arrangement. I pointed out to him, however, that the request came from M. Naus, whose position had become almost desperate; that there was good reason to believe that the sums already paid over "for soldiers' pay" had been to a large extent embezzled by the Shah's father-in-law, the Naib-es-Sultanch, and other courtiers; that the sum appeared excessive, as the Cossack Brigade was already paid, and the rest of the garrison of Tehran (less than 2,000) were notoriously earning their living by practising various handicrafts in the city; and, finally, that the two Legations would be compromised by advancing money to the Government which would probably be devoted to political purposes, such as bribing influential persons.

M. Hartwig said that he would think the matter over. He received the authorization of his Government the next day, but in the meanwhile M. Naus had been dismissed, and, as I pointed out to M. Hartwig, the question of the guarantee on the customs became thereby a difficult one to settle. M. Naus himself informed me on the 12th instant that "it was now too late, as the matter had become known, and the Mushir-ed-Dowleh would not take the responsibility of formally authorizing the advance on the security of the customs."

On the 15th instant I met M. Naus and M. Ostrogradsky at dinner, and they both approached me as to the advance. I replied that if there was a real and evident danger to the public peace, I would gladly recommend to my Government an advance for the sake of ensuring the maintenance of order; but that as the town was perfectly quiet, and as there was good reason to believe that any money intrusted to the Government for the payment of the soldiers would be expended for other purposes, I could not and would not recommend to His Majesty's Government an advance at the present moment. My Government, I said, had no intention of interfering directly or indirectly in the internal affairs of Persia; they had no political object to pursue here, and merely desired to contribute to the maintenance of order and the defence of the lives and properties of Europeans. I spoke to M. Hartwig in a similar sense, and he expressed his concurrence.

I have heard no more of the question of the advance.

I have, &c.
(Signed) CECIL SPRING-RICE.

Inclosure 1 in No. 193.

M. Naus to Sir C. Spring-Rice.

M. le Ministre,

Téhéran, le 9 Février, 1907.

JE me permets de communiquer à votre Excellence la lettre ci-jointe que vient de m'écrire Mr. Rabino, de l'Imperial Bank of Persia, comme suite à ma demande de crédit.

Hier M. Ostrogradsky est venu me dire que les deux banques réunies étaient d'accord pour faire à l'Administration des Douanes l'avance de 150,000 tomans demandée par sa Majesté et destinée à payer les arriérés de la solde des troupes dont il importe en ce moment de raffermir la fidélité.

Ayant reçu cette assurance d'Ostrogradsky, je me suis rendu chez sa Majesté,

laquelle a témoigné le soulagement que lui donnait cette nouvelle et m'a remis un autographe autorisant l'Administration des Douanes à emprunter la dite somme.

J'ai remis cette autographe à Mr. Rabino, lequel attend un ordre écrit pour exécuter ce qui a été convenu.

Le mobile qui détermine l'avance est tel qu'il importe, je pense, d'éviter tout délai, de sorte que, si cela est au pouvoir de votre Excellence, je la prierais d'avoir la grande bonté d'envoyer d'urgence à Mr. Rabino l'ordre qu'il attend.

Veuillez, &c.
(Signé) J. NAUS.

Inclosure 2 in No. 193.

Mr. Rabino to M. Naus.

Excellence,

Téhéran, le 9 Février, 1907.

EN réponse à votre demande, j'ai l'honneur de vous informer que je ne puis agir que sur un ordre par écrit de notre Ministre, à qui vous feriez bien de vous adresser.

Agréé, &c.
(Signé) J. RABINO.

[8669]

No. 194.

Sir C. Spring-Rice to Sir Edward Grey.—(Received March 18.)

(No. 43.)

Tehran, February 27, 1907.

Sir,

I HAVE the honour to inclose herewith the monthly summary of events in Persia for the month of February.

I have, &c.
(Signed) CECIL SPRING-RICE.

Inclosure in No. 194.

No. 3.—Monthly Summary of Events in Persia.

NORTHERN PERSIA.

Tehran.

THE principal topic of interest during the month was the dismissal of M. Naus on the 10th instant. The causes which led up to this, and its probable consequences, are fully dealt with in a separate despatch.

The Concession for the National Bank was granted early in February, but it is dependent upon the production by the promoters of the bank of a certain sum of money for the Government, which, up to the time of writing, does not appear to be forthcoming. The President of the Assembly has stated openly that no clause in the Concession precludes the National Bank from borrowing from abroad.

His Imperial Highness the Zil-es-Sultan arrived at Tehran from Ispahan early in February, and announced his intention of proceeding on a journey to Europe, where he proposes to remain until the political atmosphere has cleared. He says that he has been turned out of Ispahan by the local Assembly, which is directed by Agha Nejefi, the principal Mujtahed. He told the Russian Minister that he was no longer Governor of Ispahan.

His Highness Ferman Ferma, Governor of Kerman, has been recalled to Tehran, and it is rumoured that he will be sent as Governor of Azerbaijan. He was exiled to Bagdad early in the late Shah's reign, and has not been to Tehran for about ten years. When parting with His Majesty's Consul he made some remarks about a dangerous mission and the death-warrant of the Assembly. It is probably intended that he should deal energetically with the Tabreez "Enjumen."

His Highness Moayed-ed-Dowleh, G.C.M.G., who represented the late Shah at the

coronation of His Majesty King Edward, has been appointed Governor-General of Fars. He takes with him the Kavam-ul-Mulk, who will really govern the province.

His Highness Rukn-ed-Dowleh has been appointed to succeed Assef-ed-Dowleh as Governor-General of Khorassan.

The anniversary of the assassination of Hussein (23rd February) passed off quietly in Tehran and in the provinces. There was a rumour that Agha Nejeft had planned a demonstration for that day against the missionaries. His Majesty's Minister took steps in a friendly way with the clergy at Tehran, and a warning was sent to Agha Nejeft. At Tehran an unusual number of prisoners were liberated by the people, who, on the morning of the anniversary, cut their heads and beat their breasts in the usual barbarous fashion. One procession came to the Legation gates and thanked His Majesty's Minister for the assistance afforded to the "bastis" last summer. The Shah, as usual on this anniversary, inflicted a severe cut on the top of his head, from which a good deal of blood was allowed to flow.

Parviz Shahjehan, a well-known and respected merchant of Yezd, was murdered by an unknown person on or about the 11th instant at Yezd. The Parsees, although very numerous at Yezd, do not enjoy the same privileges as Mahomedans. It was quite possible that, even if the murderer were arrested, the local clergy would not allow him to be punished in the event of his proving to be a Mahomedan. His Majesty's Minister, who received telegrams from various influential Parsees in India, lost no time in making representations, in an unofficial capacity, to some of his friends among the chief priests at Tehran. Seyed Mohammed, one of the principal Mujtehedes, showed that he fully realized the unfortunate consequences which such incidents would bring about if repeated or if the perpetrators were unpunished. He therefore sent a telegram to the chief priests of Yezd urging them to raise no objections to the punishment of the criminal. He at the same time strongly urged the Sadr Azam to insist upon the capture of the murderer.

An incident is reported to have occurred at Soujboulak, on the north-western border, where a German subject, said to be connected in some way with the missionaries, is supposed to have been killed by some Kurds. Although this report has gained universal currency, His Majesty's Consul-General at Tabreez has not yet telegraphed on the subject. It is therefore as yet unconfirmed, though the German Legation believes it to be true.

In connection with the incident reported farther on under Ispahan news, respecting the action taken by Agha Nejeft and the local Assembly against the Jews, His Majesty's Minister has, in concert with his French colleague, remonstrated with the Persian Government.

On the 19th instant two or three prominent preachers raised their voices in the mosques and elsewhere against the Assembly. They said that the laws of the Koran were sufficient for Moslems, and that all true believers must protest against the introduction of the laws of the infidels. The Mujtehedes immediately pressed for the arrest and expulsion of the preachers, who, however, took sanctuary at Shahabdulazim. On the 25th instant there were over eighty persons in sanctuary at Shahabdulazim, and their numbers are now said to have increased to over 300. The movement is said by some to have been started and financed by Naib-es-Sultaneh (Minister of War), and by some it is ascribed to the Zil-es-Sultan. Both these Princes are supposed to have acted on behalf of the Shah. On the other hand, Saad-ed-Dowleh and some others accuse M. Naus of having organized the movement. The truth will probably get out in time.

Tabreez.

After the bombardment of the Kurdish village named Bend by the Government troops, as reported last month, a number of the baser inhabitants of Urmia proceeded to the village to plunder, and carried off everything portable down to the wood used in the construction of the houses. A dozen of them stayed too long, and were killed by the returning Kurds. The feeling between Shiabs and Sunnis in the Urmia district is now very bitter. The attitude of the Kurds is threatening in the extreme, though the season is against depredations on a large scale, but the inhabitants of Bend are now homeless, and must make a living. The relatives of the late Alijan Beg still hang around the English Mission, and are afraid to return to their village. Mr. Parry assured Mr. Wratishaw that he and his colleagues of the English Mission are quite safe, but those of the American Mission who live in their college a mile or more from the town run con-

siderable risk. American interests in those regions are now in the hands of their own Consul at Tabreez, who has now reached his post.

The position of the "Enjumen" (local Assembly) hardly seems so secure as it was, nor its popularity so general. The members have had several violent quarrels among themselves, while the senior clergy of the town are adopting an attitude of sullen hostility towards an institution which deprives them of much of their importance and emoluments. The Russian Consul-General is said to be lending his moral support in this matter to the Chief Priest, who is at the head of the opposition. The landed proprietors, too, find their interests directly menaced by the action of the "Enjumen" in causing the prices of grain and meat to be reduced, and the mercantile and lower classes can alone be considered as whole-hearted supporters of the Committee which was at one time so popular. In a recent number of the Tabreez "Adalet" newspaper, a long and violent attack was published against the Belgian Customs Administration. The native bankers have combined to boycott the notes of the Imperial Bank of Persia. They organized a run on the bank at the beginning of February, and very few notes were left in circulation.

Meshed.

Although the past record of Assef-ed-Dowleh, the out-going Governor-General of Khorassan, is one of the very worst, and he has been the subject of repeated and serious condemnation by the Assembly on account of his alleged cruelty, rapacity, and oppression, as well as for connivance in the sale of women and children to the Turcomans, it is interesting to note Major Sykes' opinion of him:—

"The Assef-ed-Dowleh is a strong ruler, and is an excellent man in a crisis. He is one of the very few strong men in Persia, and I shall much regret his departure, as I shall also lose a good friend."

An Indian subject has arrived at Meshed from Tashkent, where he has been teaching Hindustani to a number of Russian officers for the last three years.

Turbat-i-Hayderi.

Lieutenant Daukes has taken over charge of the Consulate from Captain Watson, who has proceeded on leave.

Captain Iyass appears to manage the quarantine in a very high-handed manner. A Persian doctor passing through complained of the way he was treated. He was detained for two hours until Captain Iyass gave him permission to enter the town and sent for him to the Russian Consulate.

Three Russian soldiers arrived from Russia with four camel-loads of baggage. The Customs official did not examine their loads, as he had been reprimanded on a former occasion for examining the baggage of Russians coming from Sarakhs.

A party bringing a corpse from Herat for burial at Meshed were quarantined twenty-four hours at Karez by order of the Russian doctor.

CENTRAL AND EASTERN PERSIA.

Ispahan.

The report that there was a Council sitting at Ispahan for the redress of grievances had spread far and wide, and brought into the city many a claimant, but no cry has been raised so passionate or so insistent as that of the men of Velidoun, who ask for justice from the family of Agha Nejeft, and have made a remarkable demonstration against them. Velidoun is a large village 6 miles from Ispahan, having a selling value of 20,000*l.*, and producing crops of the annual value of 1,400*l.* Some twenty-two years ago the men of Velidoun, being oppressed by the Government, went to the father of Agha Nejeft to ask his protection. He was to save them from sudden and rapacious demands by the tax-gatherers, was to be the channel through which alone their taxes were to be paid to the Government, and for this service was to content himself with an annual payment of 12*l.* Time passed, the village prospered, the cupidity of the Sheikh was aroused, and he determined to make it his own. He told the villagers that it would be impossible for him to protect them any longer, unless he could figure as the nominal

owner of the land. They were persuaded to sign a paper declaring the Sheikh to be the owner of Velidoun, and from that time they became his bondmen. The rule of the Sheikh has been perpetuated by his sons, who have shown themselves to be cruel taskmasters. No wonder that on hearing that the old state of things was past, and that they were free to appeal for justice to the Ispahan Court or to Tehran, they have now defied the Aghas, and refuse to pay them another dinar. The Zil-es-Sultan used the incident as a weapon against Agha Nejefi. The villagers, failing to obtain justice at the local Assembly, took sanctuary in a mosque. Notices have been posted about the town warning suitors that they will be liable to pains and penalties if they take up the time of the Council needlessly.

Two weekly newspapers are now published at Ispahan. One of them lately spoke in violent terms against the Imperial Bank of Persia.

Agha Nejefi, in conversation with the First Munshi of the Consulate-General, talked of the necessity of forcing the Jews, Armenians, and even the Europeans of Ispahan to adopt habits and customs more consonant with the respect due by them to Moslems.

The Jews were in great trouble at Ispahan at the beginning of February because they had been summoned before the local Assembly and compelled to sign a self-denying Ordinance providing (1) that no Jew should in future sell wine or spirits to a Moslem; (2) that no Jew should hawk goods for sale within a radius of 8 miles from Ispahan. It may be that the prohibition to sell liquor is right, but to forbid the Jew to take his pack to Julfa or to the villages would ruin him. Half of the Jews of Ispahan are devoted to this trade and do nothing else. The motive for the new regulation is said to be the excessive freedom with which Jews have hitherto been allowed to enter Moslem houses and carry their goods into the anderoon, where the Persian lady, affecting to regard the Jew as a dog rather than a human being, does not even take the trouble to veil herself in his presence, and that scandals may well arise from such a state of things. His Majesty's Minister, as stated above, has made joint representations with his French colleague on this subject to the Persian Government.

Subsequent news from Ispahan regarding the villagers of Velidoun has been received to the effect that a relation of Agha Nejefi who was attached to the mosque in which they took sanctuary subjected them to rough treatment. A counter-demonstration was subsequently made against Agha Nejefi, when a Koran decorated with the fingers of one of the villagers who had been murdered was paraded through the bazaars.

Agha Nejefi's brother on the 11th February preached in one of the principal mosques against the Zil-es-Sultan, and declared that His Highness was against their Assembly, and had gone to Tehran to obtain the Shah's sanction to dissolve it. Another speaker addressed the people in the same strain, and called for the Zil's removal. An attempt was made by Agha Nejefi himself to collect the people the following day, in order to draw up a monster Petition to the Shah praying for the Zil's dismissal. The matter was apparently not pressed, as no Petition appears to have been sent.

Seistan.

The Deputy Governor of Seistan has for the last few years been Mir Masoum Khan, the younger son of Heshmet-ul-Mulk, who has resided at Tehran since 1901. Momtahan-es-Sultaneh, a Foreign Office official, was sent as frontier officer in the spring of 1906, and aimed at being appointed Governor. Momtahan-es-Sultaneh took possession of the only house in Nasretabad, with a garden which had been vacated by the Deputy Governor on the appearance of plague. The Deputy Governor, who failed in his efforts to get the Momtahan to move, eventually resorted to a ruse. He invited the Momtahan to visit the quarters he might take up in the "Ark," or Governor's citadel. Arriving at the latter place, he was refused admittance, and so returned to his garden, only to find that in his absence his rival had taken possession. In consequence of this incident the Deputy Governor was dismissed, and his elder brother Mohammed Reza Khan was appointed in his place. The latter was notoriously on the Russian side during the time Mr. Miller was Consul in Seistan.

An incident has occurred on the Baluch border south-east of Kuh Malik Siah at a place called Piran. The exact boundary would be difficult to determine, and it is possible that cultivation has been extended over the boundary by inhabitants of the British side. In November last, in consequence of a report from some villagers of Duzdap, the Sultan at Kuh Malik Siah was sent to settle some Piran cultivation at

Piran. This he did, driving out the former cultivators and levelling their huts. The latter have since been rebuilt. Having done this, the Sultan then returned, leaving three families of Persian subjects in possession. This is the present position. Momtahan-es-Sultaneh endeavoured to make out to His Majesty's Consul that the Russian Consul had pointed out to him that encroachments had been made at Piran by us. Major Kennion, who has spoken on the subject to the Russian Consul, is inclined to believe that the Momtahan was deceiving him. His opinion of the Momtahan is not at all favourable.

Kerman.

A local Assembly has been formed at Kerman. Itila-ed-Dowleh has been appointed Karguzar.

SOUTHERN PERSIA.

Shiraz.

The merchants of Shiraz having heard it rumoured that Haji Moin-et-Tujjar had obtained a Concession for a railway from Ahwaz to Tehran via Ispahan, perturbed at the prospect of Shiraz being shut out, telegraphed about the end of January to the Tehran National Assembly that Shiraz would subscribe to the National Bank, provided its subscription were devoted to the construction of a railway from Bushire via Shiraz to Ispahan.

Several new schools have been opened of late at Shiraz, and all aimed at including French or English in their curriculum. A leading Mujtehed has, however, decreed, and his Decree has been printed and posted up in the town, that the teaching of French and English in public schools is forbidden.

One of the Kavam-ul-Mulk's sons recently told Mr. Grahame that his father had thoughts of selling some of the family property and investing the proceeds in Europe in view of the unsatisfactory outlook in Persia. It is a remarkable fact that, notwithstanding the growing insecurity, land and houses are still invested in by Persians, very few of whom have as yet thought of investing their money abroad.

Bushire.

The Hamburg-American liner "Canadia" arrived at Bunder Abbas on the 1st January, bringing 450 cases of matches, two motor cars for the Ferman Ferma at Kerman, and other goods. She shipped 200 native corn-grinders and 100 packages of henna for Bussorah. She then proceeded to Bahrein, where she discharged on the 4th January 838 packages, mostly of coffee, matches, vermicelli, gold thread, and perfumery. The following day she arrived at Bushire with a cargo of 1,630 packages, consisting of 300 bags of sugar, 450 cases of loaf-sugar, 450 cases of glassware, 170 cases of matches, and 260 cases of merchandize. She left the following day with 400 Kerbela pilgrims for Bussorah. These pilgrims are generally anxious to secure through tickets to Bagdad, but as the German line has no arrangement with the River Steam-ship Companies for the issue of such tickets, the agent of the Bombay and Persia Steam Navigation Company, who has an arrangement with the Turkish River Steam-ship Company, issued them by the German line, at the request of the agent of the "Canadia."

The local Assembly of Bushire held a meeting on the 7th January at Government House and heard cases. The Government invited a leading Armenian to appoint a representative for the local Assembly, which, however, he declined to do.

The dragoman of the German Consulate is said to have told two or three people in Bushire that the Agreement between the Hamburg-American line and their agents, Wonekhaus and Co., states that the former are prepared to sustain a loss of 3,000,000 marks over a period of three years on their shipping to the Gulf.

Reports of a very wild character appear to have been spread in Bushire concerning the Tehran National Assembly, the Shah's attitude towards it, and the events which have taken place in the north during the last few months. The latest Diary of His Majesty's Resident which has been received contains the following passage:—

"A report has been promulgated by the Superintendent of the Persian Telegraph

Department that His Imperial Majesty Mohammed Ali Shah has expressed his disapproval of the Parliament and has announced his intention of dissolving it at an early date; and, further, that in view of the above announcement a disturbance took place in the capital in which Members of the Parliament participated."

Smuggling in all the small ports of Fars continues to flourish and increase, and the persons engaged in the enterprise have now begun to dispose of their contraband ware in the suburbs of Bushire itself.

The four Customs launches ordered by the Persian Government from India have now arrived. They have been named respectively, "Ghilan," "Azerbaijan," "Tehran," and "Khorassan."

The Russian steamer "Trouvor" was in the Gulf in January. She brought a varied cargo to the different ports as usual, and returned with 200 bales of cotton and 1,000 bundles of tobacco from Bushire. She landed 2,525 cases of petroleum at Mohammerah.

It has been given out by the local agent of a German firm at Lingah that a German bank will be established there in about three months' time.

Ahwaz.

His Majesty's Vice-Consul reports that the Oil Syndicate's agents are at work boring at Mamatain, but the work is progressing slowly owing to hard rock having been struck. He is endeavouring to assist Mr. Reynolds, the local manager, in his dealings with the Bakhtiari Khans, on whose lands the Oil Company is working, but he remarks that "it is difficult to imagine any people more brazenfaced in bad faith than these Bakhtiari Khans." He has apparently discovered how difficult it is to deal with them. For some months work has been seriously interfered with by the dearth of fuel, and trouble has been experienced from the leading people of the neighbourhood, who all want to make their fortunes in the business. Captain Lorimer adds: "From what I have seen, the Burmah Oil Company deserve to be badly served, and they are certainly not fortunate in all their employes."

Mohammerah.

The Hamburg-American liner "Canadia" took 410 tons of cargo, including grain, oil-seeds, and gum for London via Hamburg, belong to Haji Moin-et-Tujjar and a merchant of Bussorah.

An officer of the British India Company arrived for the purpose of taking soundings of the Shat-el-Arab and its bar. All vessels arrived lately report that the channel has practically disappeared.

The Sheikh of Mohammerah and the Bakhtiari Khans are disputing with regard to the Governorship of Behbahan. The latter have collected a force at Malamir threatening both the Karun and Behbahan districts.

GENERAL NEWS.

The Press.

Two new papers have been started at Tehran in connection with the reform movement. One called the "Medjliss" gives a report of the proceedings of the Tehran National Assembly, and sometimes publishes articles and letters. It lately published an interview with the Russian Financial Agent, giving his version of the Russian political attitude towards the reform movement. The other paper, called the "Tamaddun," is edited by a gentleman who was exiled by the Ain-ed-Dowleh to Kelat-i-Naderi on a political charge. It is "National" in its tone. Two new papers have appeared at Ispahan which are distinctly anti-foreign, and Tabreez now also has started a newspaper. The Bushire paper, "Muzaffer," was suppressed for a time, but has now been allowed to reappear.

The "Habl-ul-Matin," published at Calcutta, is largely read at Tehran. It is ultra-"National," and occasionally anti-foreign, but always anti-British. The latest number which has reached Tehran publishes an article containing the most exaggerated eulogy on all concerned in the reform movement. It describes the promoters of the National

Bank as the saviours of Persia and talks as if, by a stroke of a pen, Persia had now been restored to all her ancient glories. It is a curious circumstance, however, that, with all its absurdities, the "Habl-ul-Matin" is widely read and seriously discussed in Persia.

Exodus of Non-Moslems.

From Shiraz and Bushire we hear of the exodus of Jews to Jerusalem; from the Urmia district reports reach us of numbers of Chaldeans emigrating to Canada. The "Jadeeds," or supposed Jewish converts to Islam, are reported to be leaving Meshed in large numbers. The only non-Mussulman people who, besides the Armenians, have so far shown no inclination to leave the country in consequence of the growing insecurity of life and property are the Parsees. One of their principal members has, however, been lately murdered at Yezd, as reported above, and if such incidents are repeated it may influence them as well.

(Signed) G. P. CHURCHILL.

Tehran, February 28, 1907.

Memorandum.

I have just received the following information from a very confidential source derived from Court circles and partly from the President of the Assembly:—

A strong party has been formed composed of some influential Kashis, including Vezir Makhsoon, the Governor of the town, Benan-es-Sultaneh, the Shah's Confidential Secretary, Moavin-ed-Dowleh, Vezir Homayoon, Egbal-ed-Dowleh, with the object of overthrowing the Sadr Azam and obtaining the appointment in his place of Azad-ul-Mulk, the Chief of the Kajar tribe, an old man of 77 years of age. The Sadr Azam's position is very shaky, and the only difficulty is that Azad-ul-Mulk is reluctant to accept the post which the Shah is ready to give him. The Kashi party has for its object the overthrow of the Assembly, of which the National party has already got wind. A party called the "Enjumen Etehadiyeh," composed of about 4,000 persons who have vowed to support the Assembly and the reform movement at the cost of their lives, will, if the opposition strengthens, be ready to kill the Kashis. The Tehran newspapers have received notice that all their issues will have first to pass the censorship of the Government, and that the word "Mashruteh" (limited monarchy) must not in future be used. This will give rise to trouble.

(Signed) G. P. CHURCHILL.

[8673]

No. 195.

Sir C. Spring-Rice to Sir Edward Grey.—(Received March 18.)

(No. 47.)

Sir,

Tehran, March 1, 1907.

WITH reference to my despatch No. 37 of the 24th ultimo, on the subject of the National Bank, I have the honour to inform you that I have just received a statement with regard to the terms agreed upon between the Government and the bank, which I believe to be accurate.

According to this, the Government agrees to grant the Charter (already communicated to you in copy) on condition that the bank makes an advance of 2,000,000 tomans.

Of this sum only 829,000 tomans is to be advanced at once, as follows:—

[1717]

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	Tomans	£.
Toumanians Brothers	300,000	60,000
Army (already paid)	65,000	13,000
" (to be paid)	114,000	22,800
Cossack Brigade	50,000	10,000
Pensions	100,000	20,000
Corps Diplomatique	100,000	20,000
Court expenses	100,000	20,000
	829,000	165,800

All revenues of any nature are to be paid to the National Bank, which will charge a commission of 1 per cent., plus transfer charges. It will pay $4\frac{1}{2}$ per cent. on credit balances and receive 9 per cent. on debit balances.

M. Rabino points out that the Agreement and the Charter constitute a serious menace to the Imperial Bank.

I understand from M. Ostrogradsky, the Director of the Russian Bank and the Russian Financial Agent, that he regards the Charter and the Agreement with equanimity. He says that the proceeds of the Customs will be paid into the Russian Bank as heretofore, until the interest on the Russian loan is paid in full, and that the balance will be paid into the National Bank. He also informed me that "the security of the new loan was the southern customs, as it was believed that these were not pledged, the interest on the English loans being amply secured by the revenue of the posts and telegraphs." There can be little doubt that he has been consulted as to the terms of the Agreement, and that there is an understanding between the Russian Bank and the directors of the new National Bank, which has been probably arranged through the Sadr Azam.

The British loans are as follows:—

	£
1901, 5 per cent.	251,000
1903-4, 5 per cent.	272,021
Advances on current account at 12 per cent. (with an annual charge of about 46,000% for interest)	161,000

The revenue of the posts and telegraphs is about 16,000%., and the normal yield of the southern customs about 150,000%., so that there is a margin for the interest on the new loan (36,000%). At the same time, I thought it desirable to enter a formal caveat as to British rights under existing Agreements, copy of which I have the honour to inclose herewith.

I have, &c.
(Signed) CECIL SPRING-RICE.

P.S.—I have since ascertained that it has been arranged that, after the instalments of the Russian loans are paid, the National Bank will receive yearly 200,000 tomans (40,000%) out of the southern customs on account of principal and interest.—C. S.-R.

Inclosure in No. 195.

Sir C. Spring-Rice to Grand Vizier.

(Translation.)

March 1, 1907.

IN order to avoid all possibility of a misunderstanding in connection with the financial relations between the Persian Government and the British subjects, and all questions therewith related, I have the honour to remind your Highness that no later Agreement or Convention can in any way modify the force of Agreements and Conventions already entered into between the Persian and English Governments or the formal engagements of the British and Persian Sovereigns which, until formally abrogated, are binding upon both parties in all and every particular therein contained.

[8674]

No. 196.

Sir C. Spring-Rice to Sir Edward Grey.—(Received March 18.)

(No. 48.)

Sir,

Tehran, March 1, 1907.

I HAVE the honour to transmit herewith a copy of a letter which has been addressed to the Grand Vizier by M. Naus on the subject of the prevalence of smuggling in the ports of Southern Persia and the measures which he considers necessary to check it. These measures are of a very sweeping character, and their adoption would affect the whole trade of the Persian Gulf, as well as the political status of the local Chiefs.

I refrain from any comment on this document, which was communicated to me by M. Naus himself, until I have received the observations of His Majesty's Political Resident in the Persian Gulf, to whom I have forwarded a copy.

I have, &c.

(Signed) CECIL SPRING-RICE.

Inclosure in No. 196.

M. Naus to the Grand Vizier.

Téhéran, le 3 Février, 1907.

DEPUIS plus de trois ans, j'ai signalé à différentes reprises le danger qui résulte pour les recettes des douanes dans le Golfe Persique, le Fars et le Mekran de ce que l'administration des ports est divisée entre les Gouverneurs de Bouchir, de Chiraz, et de Kerman, lesquels y nomment des sous-Gouverneurs, sur lesquels la douane est sans action et dont un bon nombre favorisent et même organisent des fraudes d'armes, d'aniline, et de toutes marchandises, afin de réaliser des gains personnels.

Nous nous trouvons dans le Golfe Persique devant cette situation anormale que beaucoup de petits ports sont occupés par des sous-Gouverneurs ou des Khans qui s'y croient maîtres absolus et qui, contrairement aux droits de Sa Majesté et contrairement à la loi, permettent l'importation ou l'exportation de marchandises en percevant des taxes à leur profit personnel.

Cela n'est évidemment pas tolérable, et doit absolument être réprimé.

Lorsque l'Administration des Douanes a été établie dans le Golfe Persique, Sa Majesté Mozaffer-ed-Din avait donné l'ordre que tous les ports par lesquels on importe ou on exporte des marchandises devaient être remis à l'Administration. Mais cet ordre n'a pas pu être exécuté complètement.

Un certain nombre de petits ports ont pu être repris successivement par l'Administration, mais le plus grand nombre échappent encore à l'autorité de l'Administration. Or, à quoi sert de garder les principales portes d'une maison si l'on peut y pénétrer par de petites portes où il n'existe pas de gardiens pour veiller aux intérêts du maître?

Le but du présent rapport est de faire voir clairement au Gouvernement quels sont les inconvénients de la situation actuelle et de montrer, en même temps, ce qui doit être fait pour que les droits de Sa Majesté ne continuent pas à être méconnus et violés par une bande de fraudeurs, et pour que l'Administration des Douanes puisse encaisser tout ce qui revient légitimement au Gouvernement.

J'exposerai d'abord la situation des recettes.

Avant la prise de possession des douanes du sud par mon Administration, celles-ci ont été tenues en fermage successivement par différents personnages, et, en dernier lieu, par le Daria Bagghi qui aurait dû payer 252,000 tomans par année. Mais on sait que, de cette somme, très peu de choses venait à Téhéran. Presque tout était absorbé par de prétendues dépenses faites dans les ports pour compte du Gouvernement, lequel, en fin de compte, ne touchait presque rien.

C'est à partir de Zitchkan-il que les principaux ports ont été remis à l'Administration, laquelle, pour sa première année de gestion, encaissa net 318,742 tomans versés à Téhéran.

En Oud-il, les recettes nettes se montèrent à 453,823 tomans. En Bars-il les recettes nettes ne s'élevèrent plus qu'à 404,859 tomans. Cette diminution fut causée par le fait que les marchands n'avaient d'abord pas accepté le nouveau tarif qui avait été publié deux mois avant la fin de l'année, de sorte qu'on ne fit aucune recette pendant cette période.

En Tavichkan-il, le nouveau tarif fut mis en vigueur et accepté par le commerce. Les recettes nettes s'élevèrent à la somme de 1,064,651 tomans.

En Loui-il, les recettes furent affectées par des troubles et aussi par le ralentissement dans les affaires qu'occasionna le choléra. Les recettes furent également affectées par les fraudes organisées par les Khans et par d'autres individus dont je parlerai plus loin. Le chiffre des recettes s'éleva à 820,170 toman.

Mais pour bien apprécier exactement la diminution réelle des recettes, il convient de tenir compte du fait que la Russie, ayant établi une ligne de navigation régulière entre Odessa, Bombay, et Bouchir, accorda le libre transit par le Caucase pour les marchandises venant de Bombay pour le nord de la Perse, de sorte que beaucoup de marchandises et notamment des thés qui étaient auparavant importées par Bender-Abbas pour Méched, le Mazanderan, le Ghilan et l'Azerbaïdjan furent importées en Loui-il par les bureaux des douanes du nord de la Perse.

On peut évaluer que de cette manière environ 140,000 toman de droits de douane qui étaient perçus en Tavichkhan-il par les bureaux du Golfe Persique l'ont été en Loui-il par les bureaux de l'Azerbaïdjan et de la Caspienne.

En ajoutant cette somme de 140,000 toman au chiffre de 820,170 toman, on trouve au total 960,000 toman, de sorte que la diminution de recettes due en grande partie à la fraude dans les bureaux du Golfe Persique pour l'année Loui-il doit être évaluée à environ 104,000 toman.

En Ilan-il, le développement de la fraude infligea encore une diminution aux recettes, lesquelles ne furent plus que de 740,526 toman. Si l'on y ajoute le montant des droits perçus dans les bureaux du nord du pays sur les thés, qui étaient auparavant importés par les bureaux du Golfe, et qui doivent être évalués à environ 200,000 toman, on trouve un total de 940,000 toman, de sorte que la diminution doit être évaluée par comparaison avec Tavichkhan-il à 120,000 toman.

En réalité, la perte subie par le Gouvernement du fait de la fraude dans le Golfe Persique est beaucoup plus considérable. En effet, tous les renseignements qui m'ont été fournis tant par mes fonctionnaires que par mes agents secrets et que par les Compagnies de Transports et de Navigation concordent à dire que le commerce extérieur de la Perse a augmenté dans de très fortes proportions durant les dernières années.

Les statistiques officielles fournies par les bureaux des douanes du nord de l'Empire accusent pour les six dernières années un accroissement de trafic atteignant près de 80 pour cent. Or, il est inadmissible que seuls les besoins des habitants du nord de la Perse se soient développés. A la vérité, l'accroissement de trafic a été presque aussi considérable dans le sud, mais tandis qu'au nord la fraude a presque complètement disparu et que, par conséquent, toute augmentation de trafic est aussitôt renseignée dans nos statistiques, au sud une grosse partie du trafic nous échappe, tant la fraude, bien organisée et malheureusement protégée par des personnages influents, s'y pratique sur une grande échelle.

Je trouve d'ailleurs la preuve de cette augmentation du trafic par les ports du sud, dans le fait que l'importation de marchandises de toutes espèces à Maskat, Koweït, et Bahrein, s'est accrue dans des proportions considérables. Or, tout le monde sait que ces deux ports sont en réalité de simples lieux de dépôt pour les marchandises importées d'Europe et de l'Inde par vapeurs et réexpédiées ensuite secrètement par petits voiliers dans les petits ports Persans. D'autre part, les statistiques douanières Européennes renseignent à l'exportation des quantités sans cesse grandissantes de marchandises, d'armes et de munitions en destination de la Perse.

Tous ces renseignements réunis me permettent d'affirmer que depuis Tavichkhan-il, le commerce Persan du Golfe Persique a augmenté d'un cinquième au moins, de sorte qu'en réalité les recettes nettes douanières devraient dépasser assez sensiblement un million de toman. La perte réelle causée par la fraude en Ilan-il n'est donc pas loin d'atteindre 300,000 toman, et je regrette de devoir dire que si des mesures énergiques ne sont pas prises à bref délai, cette perte augmentera d'année en année.

L'exercice Yount-il fut marqué par des désordres qui, comme je l'ai écrit à différentes reprises, ont eu pour conséquence de détruire complètement le prestige et l'autorité de l'Administration des Douanes dans le Golfe, par conséquent aussi celle du pouvoir central de Téhéran; la conséquence en a été une plus grande diminution des recettes des douanes. Pour les six premiers mois de l'année dont je possède la comptabilité complète, la diminution par comparaison avec les six premiers mois d'Ilan-il a été de 69,000 toman, de sorte qu'il est à craindre que pour cette année Yount-il, la perte réelle subie par le Trésor Persan du seul fait de la fraude par les ports du sud atteindra 400,000 toman.

Je crois inutile d'insister sur l'importance de pareils chiffres. Ils sont suffisamment éloquents, et je suis persuadé qu'après avoir lu ce rapport, le Gouvernement, se rendant

compte de la gravité de la situation, comprendra combien il est urgent d'y porter remède par tous les moyens en son pouvoir.

La révocation tardive de Darya Bagghi, que je considère comme véritablement responsable de tout le mal qui a été fait, et son remplacement par son Excellence Saïd-es-Saltanah, qui est un homme énergique et intelligent qui comprend quels sont les véritables intérêts du Gouvernement et qui a promis d'aider la Douane en toutes circonstances, donne l'occasion de prendre les mesures nécessaires pour faire rendre à l'Administration des Douanes l'autorité dont elle a besoin pour pouvoir encaisser exactement les droits de douane qui reviennent au Trésor; mais pour cela, il faut que le Gouvernement prenne des mesures énergiques et que ces mesures soient exécutées sans faiblesse et sans égard aux menaces de troubles que ne manqueront pas de lancer ceux qui vivent de la fraude.

Pour faire comprendre plus facilement la situation, j'annexe au présent rapport une carte du Golfe Persique. Votre Altesse y verra qu'actuellement un très grand nombre de ports sont soustraits à l'action du Gouverneur-Général de Bouchir par ce qu'ils font partie d'autres Gouvernements. Ainsi, par exemple, tout le district de Tangistan, celui de Dachtî, celui de Gavbendi, celui de Chipkou, et celui de Gatchine dépendent du Gouverneur-Général du Fars, tandis que tout le Mekran est placé sous la juridiction du Gouverneur-Général de Kerman.

Or, il est évident que les Gouverneurs établis à Chiraz et à Kerman sont trop occupés et d'ailleurs trop éloignés pour pouvoir faire respecter sérieusement l'autorité de Sa Majesté dans les ports du Golfe Persique.

Dans les districts précités, il existe, il est vrai, certains bureaux des douanes régulièrement établis et dirigés par mes agents, mais ces bureaux ne donnent pas ce qu'ils devraient donner, parce que mes agents, pour les raisons que je viens d'exposer, ne sont pas protégés par les autorités Gouvernementales et, abandonnés à leurs faibles forces, ne jouissent pas de l'autorité morale nécessaire pour assurer la perception de tous les droits revenant au Trésor.

Que dire dès lors des parties de ces provinces où la douane régulière n'existe pas. La fraude s'y pratique ouvertement, parce que les fraudeurs savent qu'il est impossible de les punir et que d'ailleurs ils sont d'accord avec les sous-Gouverneurs ou avec les Khans, qui perçoivent eux-mêmes des taxes à leur profit personnel.

De plus, le seul fait de l'existence de ces provinces non soumises au Gouverneur de Bouchir constitue un encouragement à la fraude dans les autres parties du Golfe, parce que les contrebandiers savent qu'en cas de poursuite, ils sont assurés de l'impunité dès qu'ils atteignent ces petits ports où nous n'avons pas d'action.

Le résultat de cette situation anormale est déplorable. Il se traduit, comme je l'ai dit plus haut, par une perte annuelle de 400,000 toman pour le Trésor. La fraude s'applique non pas seulement aux armes; elle s'applique également au thé, aux épices, à l'indigo, et en général à toutes les marchandises soumises à des droits d'entrée élevés sans compter les céréales fraudées à la sortie. Ainsi, le thé se vend au Tanghistan, c'est-à-dire, à quelques kilomètres de Bouchir, à Roud-Illeh et ailleurs à 40 pour cent moins cher qu'à Bouchir.

Roud-Illeh est le point où la fraude est le plus intense. Il est vrai qu'autrefois le Gouvernement a donné l'ordre de prendre possession de ce port, mais jamais, jusqu'à présent, mes agents n'ont trouvé chez le Daria Bagghi un appui suffisant pour pouvoir mettre cet ordre à exécution et obliger Hossein Gholi Khan, le plus grand fraudeur du Golfe, à renoncer à sa douane particulière.

Actuellement, la majeure partie des armes et autres marchandises débarquées à Koweït sont fraudées en Perse par Roud-Illeh, parce qu'elles jouissent dans ce port d'un tarif douanier réduit, et qu'elles peuvent arriver sur la route de Chiraz en quelques heures, soit par la route de Roud-Illeh à Kushab, soit par celle de Roud-Illeh à Daleki. Hossein Gholi Khan de Roud-Illeh, frère et associé de Heidar Khan de Bender-Reg, en échange des droits qu'il perçoit sur les marchandises importées par le port qu'il détient au mépris de tous les ordres de Sa Majesté, garantit la sécurité de celles-ci jusqu'à Kushab, dont le Khedkhodâ est son complice et jusqu'où il les fait escorter par ses tolanghai. La fraude est donc parfaitement organisée, et ce à quelques farsakhs de Bouchir, et c'est par milliers que les colis passant par Roud-Illeh échappent aux droits de douane ou aux interdictions fixées par le tarif.

C'est là une situation qu'un Gouvernement soucieux de sa dignité et conscient de sa force ne devrait pas, ne peut pas tolérer.

Au Mekran la situation n'est, malheureusement, guère meilleure. Les armes y sont importées par milliers par le petit port de Chemak, à trois journées de Chahbar, qui est le seul port que l'Administration des Douanes ait pu occuper dans cette région. On

estime que l'année dernière plus de 10,000 fusils ont été importés par cette côte. Une partie la plus petite reste dans le pays, l'autre est destinée à l'Afghanistan, et pour chaque fusil il est perçu par le sous-Gouverneur une taxe de 2 roupies. C'est donc à 7,000 toman par an qu'il faut évaluer les revenus que le Gouverneur de Mekran retire de la fraude des armes.

Le seul moyen de mettre un terme à cet état de choses est de réunir entre les mains d'un seul Gouverneur énergique, et dévoué aux véritables intérêts du Gouvernement, toute la côte du Golfe Persique depuis Mohammerah jusqu'à Gwattar. Nous devons espérer que, inshallah, nous avons cet homme en la personne de son Excellence Saïd-Saltaneh. Il faut que le Gouvernement lui donne les pouvoirs nécessaires pour prendre et remettre à mes agents, par la force s'il le faut, tous les ports où la douane régulière n'a pas encore été établie.

Toutes demi-mesures ne serviront à rien, car les bénéfices réalisés par les Gouverneurs fraudeurs sont trop considérables pour qu'ils consentent jamais à y renoncer de bonne grâce. Il ne peut pas être question, à mon avis, d'accorder pour cela des indemnités de quelque espèce que ce soit, car toutes les douanes appartiennent de droit à Sa Majesté.

D'ailleurs, l'exemple de ce qui s'est passé précédemment est suffisant pour prouver que chaque fois que le Gouvernement, faisant preuve d'une bonté que rien ne justifie en vérité, a composé avec les Khans fraudeurs, et a repris des ports du Golfe Persique moyennant paiement d'une indemnité calculée d'après les revenus faux ou réels de ces ports au moment de la reprise il a été trompé.

Cela s'explique pour deux raisons. D'abord, parce que les revenus provenaient en partie d'un tarif frauduleux que la Douane ne pouvait autoriser après son installation, et d'autre part parce que les Khans, après avoir cédé les ports au Gouvernement, s'empressaient ensuite d'aller établir une nouvelle douane particulière un peu plus loin où, par des tarifs réduits, ils attiraient le trafic du port cédé.

C'est ainsi que, pour la reprise de Bender-Reg, le Gouvernement a accordé aux Khans une pension annuelle de 2,000 toman sous forme de réduction de "mahliat," et en outre une indemnité de 3,000 toman. Or, il s'est trouvé que la première année de la reprise, la douane de Bender-Reg a rapporté 1,322 toman, et les années suivantes, grâce aux fraudes commises avec la complicité du Gouverneur Heydar Khan, les recettes de ce bureau sont toujours restées inférieures au montant de la pension consentie.

Pour la reprise de Minab, on a accordé une indemnité annuelle de 7,000 toman. Or, les recettes de ce bureau ne suffisent même pas à couvrir les dépenses pour les appointements du personnel, et on doit envoyer de l'argent de Bender-Abbas pour payer les employés.

Je pourrais multiplier les exemples. Chaque fois le Gouvernement a été trompé. Pour ma part, j'estime même que bien loin d'accorder une indemnité pour la reprise des ports, le Gouvernement serait en droit d'exiger une amende des Khans dépossédés pour les punir de toutes les fraudes qu'ils ont commises. Je suis persuadé qu'une amende de 20,000 toman infligée au Khan de Roud-Illeh, par exemple, ne représenterait qu'une minime partie des bénéfices absolument illicites que ce personnage a retirés du seul trafic frauduleux des armes, munitions, et autres marchandises prohibées.

Indépendamment de la réunion de tous les ports du Golfe sous la seule autorité du Gouverneur de Bouchir, et d'un ordre formel de prise de possession de tous les ports où la douane régulière n'a pas encore été établie, il importe que le Gouvernement fasse expulser sans merci les Khans de Bender-Reg, de Roud-Illeh, de Tangistan, et de Dachti.

Il faut que son Excellence Saïd-Saltaneh reçoive l'ordre de démolir ou de prendre possession de tous les "bordjs" ou forteresses construits par les Khalantars, les Khans, ou Cheikhs fraudeurs pour protéger et abriter leur trafic illégal. J'ajouterai que l'ordre dont il s'agit devrait stipuler qu'en cas de nécessité le Daria Baghi, aussi bien d'ailleurs que les agents des douanes, est autorisé à employer de la force en cas de résistance sérieuse.

Il importe également que tous les Kalantars et Vice-Gouverneurs coupables dont la liste se trouve annexée au présent Rapport soient révoqués sans exception. Enfin, il faut punir et banir du Beloutchistan le Sardar Seïd Khan et tous ses complices.

Ce n'est qu'à ces conditions qu'on peut espérer mettre à bref délai un terme à la fraude qui se pratique insolument dans le Golfe Persique. Mais je le répète, il ne faut pas tergiverser. Le Gouvernement a déjà par son inaction permis aux fraudeurs de s'organiser solidement; toute hésitation, tout retard ne ferait que renforcer la position de ces Khans, et par suite rendre plus difficiles les efforts que le Gouvernement voudrait

tenter ultérieurement pour rétablir son autorité et percevoir ce que lui est dû dans cette partie de l'Empire.

L'occasion est exceptionnellement favorable, et il faut en profiter. Le nouveau Daria Begghi arrivera dans quelques jours à Bouchir, et en même temps que lui arrivera aussi le nouveau Directeur-Général des Douanes du Golfe Persique. Je suis persuadé que ces deux fonctionnaires marcheront toujours d'accord, et s'aideront en toutes circonstances pour le plus grand bien du Gouvernement Persan.

D'autre part, nous venons de prendre possession des nouveaux croiseurs commandés aux Indes. Ce sont de petits bateaux très rapides armés de canons Hotchkiss, et ils seront d'une utilité incontestable pour rechercher la fraude et défendre dans tout le Golfe Persique le prestige et l'autorité de Sa Majesté.

De ces cinq croiseurs, l'un sera affecté spécialement à Bouchir, un à Mohammerah, un à Lingah, un à Bender-Abbas, et le dernier servira à bloquer Roud-Illeh, qui, comme je l'ai déjà dit, est le principal repaire de fraudeurs.

C'est donc le moment, ou jamais, de frapper un grand coup et montrer à tous ces petits Cheikhs et Khans du Golfe que Sa Majesté Mohammed Ali Schah entend faire respecter par tous ses sujets sans exception aucune des lois et règlements du pays.

Je suis persuadé que votre Altesse, qui a toujours fait preuve de tant de courage et d'énergie chaque fois qu'il s'est agi de défendre les droits légitimes du Gouvernement, décrètera sans tarder les mesures que j'ai préconisées dans ce Rapport—mesures qui, je le répète, sont absolument indispensables si le Gouvernement ne veut pas voir son autorité complètement détruite à bref délai dans toute la région du Golf Persique, et les revenus de la douane aller en diminuant d'année en année pour finir par un simple fermage, comme il en était avant l'organisation de l'Administration.

Le Ministre des Douanes et des Postes,
(Signé) J. NAUS.

[8599]

No. 197.

Sir A. Nicolson to Sir Edward Grey.—(Received March 18.)

(No. 123.)
Sir,

St. Petersburg, March 8, 1907.

M. ISVOLSKY communicated to me yesterday an *aide-mémoire* in regard to the situation in Persia, of which I have the honour to transmit a copy, and in which the Russian Government desired to ascertain the views of His Majesty's Government with respect to our identic communication to be made by the British and Russian Ministers to the Persian Government with the object of safeguarding the interests of Great Britain and Russia.

M. Isvolsky inquired of me whether Sir C. Spring-Rice had sent a telegram similar to that dispatched by M. de Hartwig. I told him that I had heard nothing as to the presentation of an identic communication, though it was quite possible that Sir Cecil had reported the matter to you.

I mentioned to M. Isvolsky that I was awaiting the information which he had been good enough to say that he would give me in regard to the measures which the Russian Government might consider desirable to adopt in certain eventualities. His Excellency said that he was consulting with the military authorities and that, contrary to the usual tendency of military men, he found that they were disinclined to embark on any preparatory or precautionary measures. His Excellency hoped to let me have a Memorandum on the subject in a few days.

I have, &c.
(Signed) A. NICOLSON.

Inclosure in No. 197.

Aide-mémoire communicated by Russian Government to Sir A. Nicolson.

LE Ministre de Russie à Téhéran télégraphie qu'après un échange de vues entre son collègue d'Angleterre et lui au sujet de la situation en Perse, ils sont arrivés aux conclusions suivantes, dont ils décidèrent d'un commun accord de faire part à leurs Gouvernements respectifs :—

1. Malgré des apparences extérieures de calme, des indices d'un mouvement dangereux contre la dynastie et contre les Européens se manifestent dans le pays.

2. Le mouvement contre le Schah se traduit par une critique irrespectueuse de son activité et par des bruits persistants l'accusant de vouloir abolir le Medjliss; ce dernier est en train d'organiser une milice, afin d'être prêt à toute éventualité, en s'appuyant sur une force armée.

3. Le mouvement contre les étrangers ne doit pas être considéré comme une menace à la sécurité personnelle des missionnaires, des membres des colonies étrangères et des Consulats ou des Légations; il n'a pour but que d'éloigner les Européens se trouvant au service du Gouvernement Persan et d'empêcher dorénavant les étrangers de posséder des entreprises ou d'obtenir des concessions en Perse.

4. Vu ces tendances du Parlement, la Russie et l'Angleterre seraient fondées à déclarer au Gouvernement Persan que, tout en évitant soigneusement de s'ingérer dans les affaires intérieures de la Perse, les deux Puissances ne souffriront néanmoins pas que leurs intérêts dans l'Empire du Schah soient lésés sous quelque rapport que ce soit.

Le bien-fondé de ces conclusions des Représentants Anglais et Russe à Téhéran paraît n'offrir aucun doute, et il semble par suite désirable que Mr. Spring-Rice et M. de Hartwig fassent simultanément au Gouvernement du Schah une déclaration identique, dont la rédaction serait conforme à celle proposée au No. 4.

Le Gouvernement Impérial, en conséquence, serait désireux d'apprendre le point de vue du Gouvernement Britannique à ce sujet, et dans le cas où il n'y aurait pas d'objections de la part de ce dernier, il serait prêt à munir le Ministre de Russie à Téhéran d'instructions l'autorisant de se mettre d'accord avec le Ministre d'Angleterre en vue de la démarche projetée.

Saint-Pétersbourg, le 22 Février (7 Mars), 1907.

[8601]

No. 198.

Sir A. Nicolson to Sir Edward Grey.—(Received March 18.)

(No. 125.)

Sir,

St. Petersburg, March 10, 1907.

I CALLED on M. Isvolsky this morning, and said that I had brought with me a paper embodying certain amendments which His Majesty's Government desired to see introduced into the draft Convention in regard to Persia, which the Russian Government had lately communicated to me. I have the honour to inclose the copy of an *aide-mémoire* which I left with his Excellency after our conversation had concluded.

I informed M. Isvolsky that His Majesty's Government accepted the preamble of the draft Convention. In regard to the tracing of the Russian line as laid down in the draft Convention, I wished to amplify somewhat the observations which I had made to him recently on that point. He would see that in the preamble of the Russian draft Convention it was stated that the districts in which Russia and Great Britain had special interests were those respectively bordering on or contiguous with the Russian frontier and the frontier of Afghanistan and Beluchistan. His Majesty's Government held the same views, and had naturally considered that the Russian zone would not include any portion of the Afghan frontier; but if the Russian line were to terminate at a point on the Afghan frontier near to Kushan, a portion of that frontier would come within the Russian zone. As I had explained to him at my last interview on the 7th instant, such an arrangement would necessarily lead to complications. We were bound by Treaty both with Afghanistan and with Persia to undertake the settlement of all frontier and other questions arising between those two countries, and it was needless for me to dwell upon the difficulties which would arise if a third Power were to have special interests on the Perso-Afghan frontier. Our Convention had in view the removal of all possible causes of friction; but if the Russian line were left as was suggested in the Russian draft Convention there would be a continual danger of difficulties arising. I said that I would repeat what I had said on the 7th instant, and that was that the Russian line should run from Kakhk to Zulficar, and thus obviate any of those serious risks to which I had alluded. I must tell him that my Government attached extreme importance to this matter, and, as I had said on the 7th instant, it was of small importance to Russia, but of serious import to us, and that very possibly the Russian Government had overlooked the considerations which I urged upon him.

M. Isvolsky said that he recollected my observations on the 7th instant, and could repeat the remark that he had not himself drawn the line, and that he would examine

carefully, in the light of my remarks, the modifications which I proposed. I said that I must impress on him that the rectification which I had requested was an essential one.

I think that M. Isvolsky clearly saw the force of my observations, and, though he would not commit himself, I think that he will urge upon his advisers to accept the rectification which is desired.

I told M. Isvolsky that there was another question connected with the Russian zone on which I wished to speak to him. The Russian zone included Tehran, the capital of Persia, and I must tell him frankly that if my Government were to agree that the capital of the kingdom were to be within the districts in which Russia was recognized as having special interests, a great increase of influence would accrue to the Russian Government. Indeed, my Government had originally intended to propose that Tehran should form a neutral enclave in the Russian zone; but, as they were sincerely desirous of arriving at a friendly settlement, they were prepared to make a most important concession and abandon their intention, but it must be on the understanding that Russia engaged not to oppose, without previous arrangement with Great Britain, any grant of Concessions in the neutral zones of Persia to British subjects or to those of third Powers.

M. Isvolsky inquired whether the understanding which I suggested was to be unilateral on the part of Russia, or whether Great Britain would be disposed to give a similar engagement. I told him that I had no instructions on that point, but I would mention his observation to you. His Excellency then said that he did not quite grasp the reason for demanding the engagement from Russia, nor did he see if Tehran were within the Russian zone the political situation would be greatly altered from that which existed. Our respective zones were, he observed, demarcated with a view of preventing either party from interfering within the zones of the other, a species of self-denying ordinance; but why should anything be specially said as to other portions of Persia outside the zones? The neutral zones would, he understood, be left open to all parties, and in his view both Russia and Great Britain should preserve entire liberty of action in respect to them. I told M. Isvolsky that the concession which we were prepared to make in including Tehran within the Russian zone practically amounted to a recognition that Russia had a special interest, and consequently a special position in the capital, and this concession was a very great one. If Russia had a special position she would eventually have special influence, perhaps I might say a predominant influence, which was not the case at present. Such an influence might, and we must look into the future, hereafter be employed, I did not say that it would be, but it might be employed, in opposing British Concessions in the neutral zones. Russia would be placed in an admirable position for exercising such opposition, and we were bound to take securities, in view of any future interests we might wish to acquire in the neutral zones, that her influence and her special position should not be utilized to the detriment of those interests. Tehran governed Persia, and this fact we must bear in mind for the future.

M. Isvolsky seemed to understand this point of view, as he remarked, that he still did not comprehend why Russia should be asked to debar herself from opposing any Concessions to third Powers, which if granted might prove injurious to Russian commercial interests. His Excellency took up a map and pointed out to me how it might be possible for Germany, for instance, to endeavour to secure branch lines running from the Bagdad Railway into the neutral zones. Was Russia to be prevented, if she thought such Concessions detrimental to her interests, from raising objections to them? I observed that we did not ask that Russia should be excluded from absolutely raising objections or opposition. We had carefully inserted the clause "without previous arrangement with Great Britain."

His Excellency said that he quite understood that, but suppose that Russia wished to oppose the grant of a Concession to a third Power, while Great Britain was in favour of such a grant; a conflict of opinion would immediately arise, not only between Russia and Great Britain, but also with the third Power, which would cause a troublesome and perplexing situation. As regards third Powers, he was not in favour of their being specially mentioned. I said that I was then to understand that he desired a reciprocal arrangement between Great Britain and Russia not to oppose the grant in the neutral zones of Concessions either to Great Britain or Russia, as the case might be, and that we should omit all reference to third Powers. M. Isvolsky said that at first sight this was his personal view, but he begged me not to take it as a settled opinion. He must ask for a little time to study the question before pronouncing on it.

[1717]

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I said that of course I had no wish to bind him in any way, and I then proceeded to Article II.

I said that we should like a clause inserted that existing Concessions in the respective zones of Great Britain and Russia should be maintained. This, I observed, did not affect the transfer to Russian and British control respectively of the Tehran-Meshed and Meshed-Nasratabad telegraph lines. This transfer should be effected by an exchange of notes, which must be signed simultaneously with the signature of the Convention. M. Isvolsky made no remarks on this proposal; and I then let him read the two concluding paragraphs of the *aide-mémoire*, to which I said presumably no objection would be raised.

His Excellency thanked me for the communication, and said that he would study it carefully, and that he would examine it with the sincerest desire of arriving at an agreement. He hoped to give me a reply to the points which I had raised at no distant date.

Before leaving M. Isvolsky, I said that I hoped that he would shortly let me have the views of the Russian Government in regard to Afghanistan, as it would be necessary after we had received them that we should consult with the Ameer, and this would take a little time. His Excellency said that he was occupying himself with this question, which was one of importance, and he promised to let me have a reply without undue delay, but it was not a matter which could be settled in a few days. I remarked that I hoped that we should be able to arrange matters before I took my summer holiday about the end of June. M. Isvolsky said he had every hope that there would be no difficulty in our reaching a conclusion before that date.

I telegraphed a short summary of my conversation and of my impressions in my telegram No. 42 of to-day's date.

I have, &c.
(Signed) A. NICOLSON.

Inclosure in No. 198.

Aide-mémoire.

Draft Convention in regard to Persia (communicated by the Imperial Russian Government).

Preamble.

His Britannic Majesty's Government accept the Preamble.

ARTICLE I.

The draft Convention proposes that the Russian line should run from "Kasri Chirin traversant Isfahan, Yesd, et Kakh, et aboutissant à la frontière Afghane près du bourg de Kuhsan." His Majesty's Embassy begs to point out that in the Preamble it is stated that, "les Gouvernements de Grande-Bretagne et Russie reconnaissent mutuellement que chacun d'eux . . . a un intérêt spécial de maintenir la paix et l'ordre dans certaines provinces de la Perse contiguës ou voisines à la frontière Russe d'une part, et aux frontières de l'Afghanistan et de Beloudjistan de l'autre . . ." It was therefore not understood that Russia desired that a portion of her zone should be contiguous with Afghan territory, as would be the case if her line terminated at the point mentioned in the draft Convention. Moreover, Great Britain is responsible for the external relations of Afghanistan and is obliged, not only by Treaty with the Ameer, but also by Article VI of the Persian Treaty of 1857, to undertake the settlement of all frontier and other questions arising between Persia and Afghanistan. It is therefore clear that the introduction of another Power having special interests on the Perso-Afghan frontier would tend to complicate matters and defeat the only object of the Convention.

His Majesty's Embassy is therefore instructed to request that the Russian line should terminate at Zulficar, on the northernmost extremity of Afghanistan, and not at a point on the Afghan frontier near Kuhsan. His Majesty's Embassy desires to say that His Majesty's Government attach great importance to this matter.

His Majesty's Embassy wishes to inform the Imperial Russian Government that His Majesty's Government originally intended to request that the town of Tehran, as the capital and seat of the Legations, should form a neutral enclave in the Russian zone. His Majesty's Government are, however, prepared to make a most important concession by waiving this point; but on the understanding that Russia undertakes not to oppose, without previous arrangement with Great Britain, any grant of Concessions in the neutral zones of Persia to British subjects or to those of third Powers. His Majesty's Embassy does not doubt that the Imperial Russian Government will have no difficulty in giving the undertaking above mentioned.

ARTICLE II.

His Majesty's Embassy would wish that a clause be inserted stating that all existing Concessions are maintained. At the same time His Majesty's Embassy requests that the control of the telegraph line from Meshed to Nasratabad be transferred to Great Britain, and is ready to agree that the control over the Tehran-Meshed telegraph line be transferred to Russia. The transfer shall be effected by an exchange of notes, to be signed simultaneously with the Convention.

His Majesty's Embassy desires that the last paragraph of Article II be amplified; and suggests the following addition should be made: "It is equally understood that the revenues of the Persian customs of Farsistan and the Persian Gulf, as well as those of the Caspian fisheries and of posts and telegraphs, shall be devoted, as in the past, to the service of loans concluded by the Government of the Shah with the Imperial Bank of Persia."

His Majesty's Embassy desires to mention one more point. If there be any question of non-payment of coupons and of the possibility of controllers being established over customs or other pledged revenues in the respective zones, Great Britain would be prepared to undertake the collection and remission to Russia of the due proportion of customs revenues which may be affected to Russian loans in the British zone, if the Imperial Government would agree to a similar arrangement as regards the revenues in the Russian zone which may be pledged to British loans.

St. Petersburg, February 25 (March 10), 1907.

[8605]

No. 199.

Sir A. Nicolson to Sir Edward Grey.—(Received March 18.)

(No. 129.)

Sir,

St. Petersburg, March 12, 1907.

IN accordance with the instructions contained in your telegram No. 34 of the 9th instant, I communicated to M. Isvolsky in a private letter, of which I have the honour to transmit a copy, the proposals of His Majesty's Government in regard to the nature of the communication which should be made to the Persian Government in view of the recent developments in Persia. Since I dispatched my letter, Sir C. Spring-Rice was good enough to repeat to me his telegram No. 54, from which it would appear that the Grand Vizier has given certain assurances in regard to the Customs Administration and the due payment of the coupon. I will inform M. Isvolsky of this fact when I next see him.

I have, &c.
(Signed) A. NICOLSON.

P.S.—Since writing the above, I have received a letter from M. Isvolsky, of which I have the honour to transmit a copy. I informed his Excellency yesterday that Sir C. Spring-Rice had received a reply from the Grand Vizier in regard to the Customs Administration and the payment of the coupon, and which appeared to be of a satisfactory character. M. Isvolsky also alludes to the question of the measures to be adopted on the northern and southern frontier of Persia in the event of the situation in that country becoming more serious.

A. N.

Inclosure 1 in No. 199.

Sir A. Nicolson to M. Isvolsky.

Mon cher Ministre,

Saint-Petersbourg, le 26 Février (11 Mars), 1907.

COMME j'ai eu le plaisir de vous voir hier, je ne désire pas vous déranger encore aujourd'hui, mais je voudrais vous faire part de quelques observations que je viens de recevoir de mon Gouvernement au sujet de la démarche identique à faire par les Ministres de la Grande-Bretagne et de la Russie auprès du Gouvernement Persan, comme il a été proposé dans l'Aide-mémoire que vous avez bien voulu me communiquer le 22 Février (7 Mars).

Il paraît que, pour le moment en tout cas, il n'y a pas lieu de craindre du danger aux sujets étrangers, et il serait prudent peut-être d'abstenir de toute démarche qui pourrait exciter les esprits contre ces derniers. En même temps mon Gouvernement ne se cache pas que l'Assemblée Persane a pris une attitude hostile à toute entreprise étrangère. Il serait donc peut-être utile si les Représentants rappellent au Gouvernement Persan que nous attendons toujours une réponse aux communications qui lui ont été faites au sujet de l'administration des douanes et des garanties qu'il est prêt à fournir pour que les revenus affectés au service des différents emprunts ne seront pas détournés. Une pareille démarche de la part des deux Représentants montrerait que nous continuons à agir d'un commun accord et que nous envisageons la sauvegarde de nos intérêts respectifs du même point de vue. Serez-vous assez aimable de me communiquer votre avis à cette proposition? Mon Gouvernement, je n'ai pas besoin de vous répéter, serait très heureux de s'entendre avec le Gouvernement Impérial sur les mesures à prendre pour protéger les intérêts respectifs dans le cas où ils seront sérieusement menacés, et j'attends à cet effet vos propositions qui, je pense, sont actuellement à l'étude. Mon Gouvernement apprécie hautement l'échange de vues si franc et courtois au sujet des affaires Persanes que vous avez bien voulu inaugurer, et il désire sincèrement de sa part montrer une cordiale réciprocité dans la bonne voie que nous suivons.

(Signé) A. NICOLSON.

Inclosure 2 in No. 199.

M. Isvolsky to Sir A. Nicolson.

Mon cher Ambassadeur,

[Non datée.]

PAR votre lettre du 26 courant, vous avez bien voulu me faire savoir que le Gouvernement Anglais est d'avis que pour le moment rien ne menace encore la sécurité des étrangers en Perse, et que d'après lui il serait peut-être plus prudent de s'abstenir de toute démarche qui pourrait exciter les esprits contre ces derniers. Vu ces considérations, mon Gouvernement ne trouve pas nécessaire d'insister sur ce que la proposition y relative de Mr. Spring-Rice et M. Hartwig soit mise à exécution.

Quant à la question des douanes, par rapport à laquelle vous me dites que vous attendez toujours une réponse aux communications qui avaient été faites au Gouvernement Persan, je suppose qu'un malentendu quelconque doit s'y être glissé. Le fait est que nous avons reçu de notre Ministre à Téhéran, il y a à peu près une semaine, un télégramme nous annonçant que le Sadrazam lui avait fait parvenir une réponse tout à fait satisfaisante à la note identique des deux Ministres par rapport aux douanes. Mouchir-oud-Dovleh exprime dans cette note ses remerciements pour les avis amicaux qui lui avait été donnés et confirme le fait que la démission de M. Naus n'entraînera après elle aucun changement dans le régime auquel étaient soumises les douanes, et que la procédure de l'amortissement des obligations pécuniaires du Gouvernement Persan restera la même que par le passé. J'ai donc tout lieu de supposer qu'une réponse identique doit avoir été donnée au Ministre d'Angleterre.

Je profite de cette occasion pour vous prévenir que nous sommes en train d'étudier actuellement les mesures que nous pourrions être obligés de prendre sur notre frontière avec la Perse, dans le cas où la marche des affaires empirerait. Il va de soi qu'aucune décision ne sera prise à ce sujet avant qu'un échange de vues ne s'effectue entre les deux Gouvernements et que vous ne soyez à même de me faire part des mesures que l'Angleterre compte entreprendre en cas de nécessité sur les frontières du sud de la Perse.

En terminant cette lettre, je ne puis m'empêcher de vous dire, mon cher Ambassadeur, avec quelle satisfaction je constate une fois de plus l'accord harmonieux qui continue à régner dans les négociations de nos deux Gouvernements par rapport aux affaires Persanes.

Bien cordialement,
(Signé) ISVOLSKY.

[8608]

No. 200.

Sir A. Nicolson to Sir Edward Grey.—(Received March 18.)

(No. 132.)

Sir,

St. Petersburg, March 13, 1907.

I INFORMED M. Isvolsky to-day that, with reference to the grant of concessions to third Powers in the neutral zones of Persia, my Government would be satisfied if an undertaking were given by the Russian Government that they would not, without previous arrangement with Great Britain, oppose British concessions in the above-mentioned localities. We, on the other hand, would, if the Russian Government so desired it, be willing to give a similar engagement as regards Russian concessions. M. Isvolsky seemed to be quite in accord with such an arrangement, and said that he hoped to be very shortly in a position to communicate a reply to the observations which I had handed to him on the Russian draft Convention. He added that the military authorities were examining the question as to the Russian line terminating at Zulficar, but he did not appear to consider that there would be any difficulty in arranging that point in accordance with the desires of His Majesty's Government.

I venture to submit, for your consideration, a rough draft of an annex to the Convention with respect to the transfer of the control over the two telegraph lines between Meshed and Tehran and Meshed and Nasratabad. I think that it would be well if the draft annex were to be communicated to M. Isvolsky instead of awaiting a proposal from the Russian Government.

I have, &c.
(Signed) A. NICOLSON.

Inclosure in No. 200.

Draft Annex to the Convention as to Persia in regard to the transfer of the control over the telegraph lines between Tehran and Meshed and between Meshed and Nasratabad.

THE Governments of Great Britain and Russia having signed this day a Convention in respect to their interests in Persia, hereby agree that the supervision (control) of the telegraph line between Tehran and Meshed as at present exercised by the British telegraph service shall be transferred to the Russian telegraph service, and that the supervision (control) of the telegraph line between Meshed and Nasratabad, as at present exercised by the Russian telegraph service, shall be transferred to the British telegraph service. All arrangements whatsoever which may have been made with the Persian Telegraph Administration as to the upkeep and general working of the two telegraph lines in question shall be taken over by the Russian and British telegraph services respectively. The British signallers, guards, and other British employes on the telegraph line between Tehran and Meshed and the Russian signallers, guards, and other Russian employes on the telegraph line between Meshed and Nasratabad shall be respectively withdrawn on the transfer of the supervision (control) of the two lines being effected.

[8705]

No. 201.

Sir A. Hardinge to Sir Edward Grey.—(Received March 18.)

(No. 39.)

Sir,

Brussels, March 16, 1907.

THE conversation respecting the invitation of Persia to the approaching Brussels Conference on the Arms Traffic, which I had the honour to report in my despatch No. 41, Africa, of to-day's date, led Baron de Favereau into some remarks, with which I need not trouble you, about the agitation against the Belgian officials in that country

[1717]

and the future of those who remain there. He mentioned, however, that after M. Naus' resignation all the other Belgian officials had wished to leave, but had been advised by the Belgian Government not to do so, and he said that the selection of a successor to M. Naus was still engaging that Government's attention. It had been hoped at one moment that M. Priem might be retained, but this hope had been disappointed (I presume partly owing to the dislike felt for that gentleman by the present Shah), and M. Mornard, who was now in acting charge, was considered hardly equal to the situation. No decision had as yet been come to, but his Excellency mentioned to me confidentially that Count de Smet de Naeyer had had thoughts of recommending M. Castaigne to the Persian Government as M. Naus' permanent successor, though, of course, with the mere rank of Director-General and not of Minister of Customs.

M. Castaigne, whom I knew both at Tehran and in Khorasan, was Director-General of Customs in the latter province till the end of 1905, when he returned to his native country and retired from the Persian service. He is an energetic and, as the Belgian Customs officials go, a fairly tactful official, and, although he had several passages of arms at different times and for different reasons with both the British and Russian Consuls-General, and on one occasion behaved with great harshness to a British Indian subject, whose camels he seized on an entirely unsupported charge of fraud, he was, during my stay at Meshed in the summer of 1905, on excellent terms with Major Sykes. He is, I should add, a man of rather imperious temper, and with a good deal of self-confidence. Whether he would care to assume, if invited to do so, so difficult and thankless a task as that of managing the Customs of Persia in the present chaotic state of the country is, I imagine, uncertain. When I saw him last year, here in Brussels, he said that, although he had retired for the present at least, he thought he should not mind going back again eventually to his old duties at Meshed; but this was before the anti-Belgian movement in Persia had assumed its present formidable proportions.

I have, &c.
(Signed) ARTHUR H. HARDINGE.

[8883]

No. 202.

India Office to Foreign Office.—(Received March 18.)

Sir, *India Office, March 16, 1907.*
IN reply to Sir E. Gorst's letters of the 26th ultimo and the 9th instant regarding irrigation works in the Karun Valley, I am directed to offer the following observations:—

Mr. Morley is inclined to hold that the Sheikh of Mohammerah's views in regard to any concession to be granted by the Persian Government cannot be ignored. It will be remembered that the Sheikh has more than once consulted our officers about the scheme, and, whatever view may now be taken as to the wisdom of the step, it is not irrelevant to the question to recall the assurances which Sir A. Hardinge was authorized to give him in December 1902 and 1903. In these circumstances, it would seem advisable to suggest to the Persian Government that the Sheikh's position should be recognized and his views considered. At the same time it might be added that, if a concession should be eventually granted to an international Syndicate, His Majesty's Government would desire to be informed as to the details of the scheme, and, in the absence of any objection to them, or of any valid objection being raised by the Sheikh, they would adopt an attitude of neutrality.

I am, &c.
(Signed) A. GODLEY.

[8901]

No. 203.

Sir C. Spring-Rice to Sir Edward Grey.—(Received March 18.)

(No. 58.)

(Telegraphic.) P.

ZIL-ES-SULTAN.

Tehran, March 18, 1907.

(Secret.)

For many years British interests at Ispahan have been protected by the Zil-es-Sultan, and we have given his Highness many assurances of our support. If Ispahan

is to be acknowledged as being under Russian influence, I submit that, in negotiating any agreement to that effect, we should ask for a pledge that the support which the Zil-es-Sultan has given us in the past should not militate against the interests of his family.

The Zil-es-Sultan owns large properties in the Ispahan district, of which he has just resigned the Governorship. He asks us to renew our assurances of protection (see Sir A. Hardinge's despatches No. 31 to Foreign Office of the 27th February, 1901; No. 76 of the 30th April, 1902; and No. 90 of the 21st June, 1902). In order to reassure him, am I authorized to state that all that His Majesty's Government can properly do to protect his life and honour will be done in the future as in the past?

[8918]

No. 204.

Sir C. Spring-Rice to Sir Edward Grey.—(Received March 18.)

(No. 59.)

(Telegraphic.) P.

Tehran, March 18, 1907.

SITUATION in Persia.

News of the arrival of forty Russian Cossacks in Tehran, and of other detachments in Khorassan and Mazanderan, has occasioned excitement here.

From Tabreez I hear that the maintenance of the Belgian officials in office there has caused a strike among the employés of the Post Office and the Customs.

The Grand Vizier's resignation, his son informs me, has been accepted by the Shah. Vazir-i-Makhsus will probably succeed him. For the present Amin-es-Sultan refuses to return to Persia.

The Russian Minister has made no communication to me with regard to the arrival of the Cossack reinforcements. I am still of opinion that serious consequences may result from half measures, and I venture to urge that an attitude of abstention should be maintained by His Majesty's Government.

[8585]

No. 205.

Sir Edward Grey to Sir A. Nicolson.

(No. 39.)

(Telegraphic.) P.

Foreign Office, March 18, 1907.

ANGLO-RUSSIAN Convention respecting Persia.

I have received your telegram No. 46.

We wish to maintain reference to the subjects of third Powers in connection with Concessions in British and Russian spheres (see Russian text of draft Convention, Articles I and II).

[9006]

No. 206.

The Law Officers of the Crown to Sir Edward Grey.—(Received March 19.)

Sir,

Law Officers' Department, March 16, 1907.

WE were honoured by your commands signified to us by Mr. Campbell in his letter of the 21st January last, stating that he was directed by you to transmit to us the draft of the Persian Coast and Islands Order in Council, and to request that we would take it into our consideration and favour you with our opinion whether its terms were fit and proper for submission to the King in Council for His Majesty's approval.

We have taken the matter into our consideration, and, in obedience to your commands, have the honour to

Report—

That in our opinion the terms of the draft Persian Coast and Islands Order in Council, 1907, as initialled by us, are fit and proper for submission to the King in Council for His Majesty's approval.

We have, &c.
(Signed) JOHN L. WALTON.
W. S. ROBSON.

[8952]

No. 207.

India Office to Foreign Office.—(Received March 19.)

THE Under-Secretary of State for India presents his compliments to the Under-Secretary of State for Foreign Affairs, and, by direction of Mr. Secretary Morley, forwards herewith, for the information of the Secretary of State, copy of a telegram from the Viceroy, dated the 2nd instant, relative to the Karun irrigation scheme.

India Office, March 18, 1907.

Inclosure in No. 207.

Government of India to Mr. Morley.

(Telegraphic.) P.

March 2, 1907.

KARUN irrigation scheme. Your telegram of the 1st instant. Please see last paragraph of Sir C. Spring-Rice's despatch No. 11 of the 3rd January last and his telegram to the Foreign Office dated the 3rd November, 1906. It is presumed that possibility of grant of foreign concession being opposed by Sheikh of Mohammerah has been fully considered. We should have preferred to have supported Sheikh in obtaining concession, but if International Syndicate is to be granted concession, we trust that measures to insure full representation of British capital will be taken, and that British irrigation engineers will be mainly employed to carry out works. Even if political considerations are not to count, employment of British engineers would be justified by their experience in such matters.

(Repeated to Tehran.)

[8953]

No. 208.

India Office to Foreign Office.—(Received March 19.)

THE Under-Secretary of State for India presents his compliments to the Under-Secretary of State for Foreign Affairs, and, by direction of Mr. Secretary Morley, forwards herewith, for the information of the Secretary of State, copy of a telegram from the Viceroy, dated the 17th March, relative to disturbances on the Perso-Baluch frontier.

India Office, March 18, 1907.

Inclosure in No. 208.

Government of India to Mr. Morley.

(Telegraphic.) P.

March 17, 1907.

PLEASE refer to correspondence forwarded with letter of the 31st January last from our Secretary in the Foreign Department: Cases on Perso-Baluch frontier.

Telegram from Captain McConaghey states that, owing to great unrest in Dizak, due to news of death of Shah, Governor of Bampur, who had started to meet McConaghey for settlement of frontier cases, had to return to Bampur. At Bahu trouble is brewing, which may spread along the Mekran border. Persian troops have met with a reverse, losing twenty men, including Sartip, in fighting which took place at Bakhshan Fort. Orders to keep frontier under closest possible observation have been sent to McConaghey.

[8954]

No. 209.

Imperial Bank of Persia to Foreign Office.—(Received March 19.)

Sir,

25, Abchurch Lane, London, March 18, 1907.

BY desire of the Secretary of State, I attended at the Foreign Office on the 12th instant, and discussed with Sir Eldon Gorst some points in my letter to you of the 7th instant, on which Sir Edward Grey required further information and explanation.

These I supplied to the best of my ability, but suggested that it would be more satisfactory if I submitted these explanations in writing, which I have now the honour to do.

2. Two preliminary observations I would, however, venture to make, in order, in some way, to clear the ground. The first is that the points to which special attention was directed in my interview with Sir Eldon Gorst are only the most striking and dangerous parts of a general conspiracy against the rights and existence of the Imperial Bank of Persia, whether inspired and directed by the Shah and his Ministers, or by a revolutionary body pretending to speak in the name of the people of the country. The second observation is merely to suggest what has doubtless already occurred to you who know Persia so well, that the ingenious and skilfully drawn documents embodying the new Constitution, and the Concession to the National Bank, have rather an Occidental than an Oriental flavour and origin, and may, without impropriety, be attributed to whomsoever might be expected most to benefit from the resulting confusion.

3. The first point, regarding which Sir Edward Grey desired specific information, was the manner in which the grant to the National Bank of the priority of import and sale of silver to the Mint conflicted with the text of our Concession. It does not directly violate the letter of our Concession, but violates its spirit, and would endanger the very existence of the Bank. Every express right granted implies that the grantor will not take such obstructive or hostile action that the grantee will be unable to enjoy the right which he has acquired, and for which he has given full consideration. To concede the right of priority of selling silver to the Mint to be coined gives a preference to the National Bank, which should be a prerogative of the Imperial Bank of Persia as the State Bank. The free and unrestricted coinage of silver is the essential condition for the maintenance of our Note Concession. The first and imperative duty of a Bank of Issue is to hold and maintain a sufficient supply of silver coin with which to pay its notes, and the only means of replenishing the Bank treasury is to import and coin silver. To grant a preferential right to the National Bank of importing and coining silver would virtually make that establishment the State Bank, would render the Imperial Bank of Persia dependent for its coin upon the National Bank, and thus jeopardize its continued existence. Nor would any analogy, such as that of the National Bank of Egypt, which may seem to hold a somewhat similar position, be other than misleading, for Egypt is a country under English control, and enjoying all the monetary and financial facilities of European countries. But in Persia the import, the transport, and the coinage of silver are matters of grave difficulty. For years the Russian Government prohibited the carriage of silver through its territory, and the Imperial Bank was compelled to bring its silver on mules from Bushire to Tehran, exposed to many dangers and losses from robber tribes. With an unfriendly Government and a National Bank possessing preferential rights our position would be impossible.

This very question was discussed in 1901, when there was an attempt by the Russian Banque des Prêts to obtain control of the Persian Mint and the exclusive right of coining silver, and I would respectfully solicit a reference to my letter of the 23rd October, 1901, to the address of your predecessor, in which I endeavoured to answer Lord Lansdowne's inquiry as to our Concession rights in the matter of the minting of silver. As the views of the Board of the Imperial Bank stated in that letter were not challenged or denied by the Foreign Office, the Directors believed that they had been accepted as reasonable by his Lordship. It may perhaps be argued that the case of the Imperial Bank was stronger in 1901 than at present, seeing that the Mint Concession was then proposed to be granted to a competing Russian Bank. But with greater force it may be contended that the present violation of right is far less justifiable, as it is not due to the pressure of a formidable Power, but to the deliberate action of the Government of Persia in defiance of its own solemn engagements. That Government is precluded from pleading its desire to maintain our rights (as is possibly true), and urging that it is the National Assembly that insists on infringing them, as this plea would proclaim that it has ceased to exercise the functions of a responsible Government altogether.

4. The second point on which the Foreign Secretary desired further information was whether there was any evidence that the customs of the Gulf ports were promised as security for advances to be made by the National Bank. This is naturally a matter which would be kept as much in shadow as possible. But it has been asserted more than once by our Chief Manager, and he repeats it in a letter of the 28th February, received on the 14th instant, a copy of which I inclose, together with an interesting

[1717]

demi-official letter to the London Manager of the same date. The British Legation will be able to state whether he has been correctly informed; but in any case, if the Belgian officials are withdrawn, and the Gulf customs, depleted by the dishonesty and corruption of the Persian officials, are paid into the National Bank, the advances of the British and Indian Governments and the loans of the Imperial Bank will be in undoubted danger.

5. The Directors of the Imperial Bank would invite the particular attention of His Majesty's Government to the letter of Sir John Hollams, the legal adviser of the Imperial Bank, dated the 14th March, and hereto attached. This distinguished lawyer, who has an intimate knowledge of the Bank's affairs from its foundation, is entirely in accord with the Board in holding the Concession of the National Bank to be manifestly inconsistent with the Concession possessed by the Imperial Bank. And if this general contention be allowed, it will be the less necessary to determine whether the cunning hand of the draftsman of the Concession to the National Bank has, in any particular clause, invaded the existing rights and privileges of the Imperial Bank of Persia, which is, by its constitution, supported by a Royal Charter, the State Bank, and, moreover, the National Bank of Persia. For while its position as a State Bank is expressly declared in the preamble to the Deed of Settlement and in Articles 1 and 3 of its Concession, I would invite special attention to clause 5: "The object of this bank as a national institution being the public weal and good of the State," &c., where "institution" is merely substituted for "bank" for tautological reasons, and the Imperial Bank of Persia is virtually declared to be a National Bank.

6. I apologize for the length of this letter, but the Board of the Imperial Bank feel that it is their imperative duty to place before His Majesty's Government, fully and frankly, though with all due moderation, their conviction that the interests they are appointed to advance and safeguard are threatened with grave loss and even destruction, if the Persian Government by its own volition, or on the demand and at the instigation of other interested parties, be permitted to transfer to another institution the functions, rights, and privileges which, in law and equity, can be exercised by the Imperial Bank of Persia alone.

The Directors fully appreciate the critical state of Persian affairs, and the inevitable weakness of an impeccunious Administration; and they are content to leave the time and manner of British intervention to the better judgment of His Majesty's Government, from whom they have received in the past so much kindness and consideration, and so many assurances that their undoubted rights, confirmed under Royal Charter, will be adequately defended should they be ever seriously attacked or endangered. For this support and for this sure and powerful defence the Directors of the Imperial Bank appeal with the utmost confidence to His Majesty's Government.

I have, &c.
(Signed) LEPEL GRIFFIN, *Chairman.*

Inclosure 1 in No. 209.

Sir J. Hollams to Mr. G. Newell.

Dear Sir, 30, Mincing Lane, London, March 14, 1907.
I RETURN the papers you left with me in relation to the Concession to the National Bank. That Concession is, I think, manifestly inconsistent with the Concession possessed by the Imperial Bank. The latter Concession was for founding a State Bank, and was granted in consideration of pecuniary advantages to the Persian Government.

The Concession to the National Bank provides that all the revenues of the State are to be paid into the Bank, and all Government expenditure of every kind defrayed by the Bank, thus apparently in effect constituting the National Bank the Bank of the Government—in other words, the State Bank.

Believe me, &c.
(Signed) JOHN HOLLAMS.

Inclosure 2 in No. 209.

Imperial Bank of Persia, Tehran, to Imperial Bank of Persia, London.

Dear Sir,

Tehran, February 28, 1907.

Customs.—The principal incident of the week is the resignation in a body of the Belgian Customs officials as a protest against the insults of the National Assembly.

The Government requested that the resignation be withdrawn, but so far the officials persist, and seemed inclined to comply with the Grand Vizier's request only on condition that M. Priem be maintained, which would be the best way of putting an end to the present confusion.

The temporary successors of MM. Naus and Priem do not desire to remain in these posts.

The Belgian Government desires the maintenance of the Belgian staff, and particularly urges the claims of M. Priem; but it seems that his stay at Tabreez has done him harm in the eyes of the Shah, and he is therefore likely to be sacrificed, notwithstanding the strong support of all the Legations.

The Belgian Government insists, however, that the Customs shall be under a Belgian Chief named by Belgium and Persia, which seems to be agreed to.

Government Foreign Indebtedness.—At the request of our Minister, we have furnished a statement to the Legation, and inclose a copy for your information.

National Bank.—The Government having pressed for the 2,000,000 tomans advance against the National Bank Concession, the Syndicate replied by counter offers which have been accepted in full.

It has been agreed that the advance shall be 3,000,000 tomans, with an actual payment of 500,000 tomans, of which—

	Tomans.
To troops, by 2,000 to 3,000 tomans a-day	100,000
Diplomatic Corps in forty-five days	100,000
Toumanians Brothers in three and a-half months	300,000
Total	500,000

The balance of 2,500,000 tomans to be paid after six months; they may buy up pension receipts at a discount and hand them over to the Government at face value. This discount reaches as much as 50 per cent.

Security for Advances: Customs of Persian Gulf.—All revenues of any nature to be paid to the National Bank, which will charge a commission of 1 per cent. plus transfer charges.

Debit balances	9 per cent.
Credit balances	4½ ..

This complete surrender of the Government appears to us very ominous, and to call for vigorous action on the part of England and Russia for security for their loans and advances as well as those of the Banks.

As you will see, the advance has been reduced to one quarter of the original amount, whilst the payments are indefinite, and virtually depend upon the good-will of the promoters of the Bank.

Should the southern customs be paid to the National Bank instead of to us, the reimbursement of our advances appears likely to be indefinitely postponed.

We confirm our telegram of to-day, giving you the above information in brief.

We inclose a copy of the Chief Manager's private letter to Sir Cecil Spring-Rice on this subject.

Yours very faithfully,
(Signed) J. RABINO,
Chief Manager.

P.S.—We have every reason to believe that the above statement *re* the National Bank is correct, but cannot guarantee it.

J. R.

Inclosure 3 in No. 209.

Statement respecting Persian Government indebtedness.

FROM information we have been able to obtain, and which we believe to be correct, the indebtedness of the Persian Government is as follows:—

		£
5 per cent.	Russian loan, 1900, 22,500,000 roubles, at 9·50 roubles ..	2,370,000
12 "	Imperial Bank of Persia loan, 1901, 1,000,000 tomans, since increased to 1,255,000 tomans, at 50 tomans ..	251,000
5 "	Russian loan, 1902, 10,000,000 roubles, at 9·50 roubles ..	1,063,000
5 "	Imperial Bank of Persia loan, 1903-1904 ..	300,000
	Since paid	27,979
		272,021
12 "	Imperial Bank of Persia advances in current account, say ..	161,000
Cannot say, but presumably 12 per cent.	Banque d'Escompte advances in current account, say ..	600,000
		4,717,021
In addition to this, the Shah as Valiahd contracted debts as under:—		£
	Imperial Bank of Persia (about)	25,000
	Banque d'Escompte (at least)	150,000
		175,000
	Total	4,892,021

The Imperial Bank of Persia loan of 1900 and the advances in current account are on the security of the Fars and Persian Gulf customs.

The Imperial Bank of Persia loans of 1903-1904 are secured by the Caspian Sea fisheries royalties, and as a last resource by the southern customs as above.

The Russian loans, and presumably the advances in current account, are secured on the customs, excluding those of Fars and the Persian Gulf.

The two Russian loans are repayable by annuities of, we are told, 5·65 per cent., which have been paid up to date.

Inclosure 4 in No. 209.

Mr. J. Rabino to Sir C. Spring-Rice.

Dear Sir Cecil Spring-Rice,

February 28, 1907.

I INCLOSE a statement concerning the National Bank, which I believe to be correct, but which I cannot guarantee.

The Government bows the head to the demands of the promoters of the Bank, and gives them the Concession against evasive promises of payment, which, in point of fact, are dependent upon the good-will of the Bank Syndicate.

The security for the Russian loans and the English advances and the claims of the two banks are seriously compromised. Whilst the Concession of the Imperial Bank is treated as so much waste paper, more especially as regards the coinage of silver, which would make it impossible for us to continue our business.

Yours very truly,
(Signed) J. RABINO.

Inclosure 5 in No. 209.

Mr. J. Rabino to Mr. G. Newell.

Dear Mr. Newell,

Tehran, February 28, 1907.

THE National Bank is impracticable on account of the impossibility of raising the money, but the Concession is one of incalculable value.

On the other hand, the Germans have all the money wanted, but will find here no means of employing it.

It is not therefore inconceivable that the two parties will come together. It is true that the Concession excludes foreign co-operation, but doubtless this can be got over, as the Shah usually gives in to the Assembly. Already it is acknowledged that the management must be European.

The Foreign Office, in reply to my inquiries, says:—

The German Road Concession for a suburban railway or road to Shimran (Gulahek, &c.) was withdrawn and cancelled the 15th October, 1900.

The Concession for Tehran, Kasr Shirin, and the Turkish frontier was granted to Germans in October 1895. The 6th Article runs as follows:—

"A year and a-half after date of this Concession the road work must begin, otherwise this Concession will be of no more value."

It would appear, then, that there is no existing German Road Concession, as we know of no work commenced.

Later.—The submission of the Government to the new demands of the promoters of the National Bank I look upon as very threatening to us, and calling for strong protest both as concerns our Concession and our claims.

Yours very truly,
(Signed) J. RABINO.

P.S.—The future appears very gloomy; we are entering into a period of combat and trouble, and unless our Government is prepared to give us whole-hearted support the prospects are very discouraging.
J. R.

[9037]

No. 210.

Sir C. Spring-Rice to Sir Edward Grey.—(Received March 19.)

(No. 60.)

(Telegraphic.) P.

Tehran, March 19, 1907.

SITUATION in Persia.

I have seen the Sadrazam, who tells me that his resignation was due to the fact that the Shah's irresponsible advisers had always defeated his moderate counsels. The situation, in his opinion, was dangerous.

Appointment of a new Grand Vizier has not yet been announced. Minister of Finance has expressed to me his belief that the Amin-es-Sultan's return is now assured, and that he will be made Minister of the Interior.

I was told by one of my colleagues, who had just had a long private audience of the Shah, that His Majesty fully realizes that a rupture with the Assembly must be avoided.

I do not think that a crisis is imminent. In order to effect a *coup d'état*, the Shah would require more troops than he can at present dispose of.

The Russian Cossacks, whose arrival I reported, have come to reinforce the Russian Consular guards at Kermanshah and Ispahan. They number about twenty-five. The Russian Legation guard here in Tehran consists of about fourteen men, of whom two are employed in clerical work.

Popular excitement over the arrival of the Cossacks has now subsided, but it was very great.

I do not think there is danger for British subjects unless a public profession of co-operation with Russia is made by His Majesty's Government. British subjects have been informed that no measures for their protection will be taken by His Majesty's Government.

I would not recommend immediate increase of our guards.

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No. 211.

Sir A. Nicolson to Sir Edward Grey.—(Received March 20.)

(No. 47.)

(Telegraphic.) P.

St. Petersburg, March 20, 1907.

I TOLD M. Isvolsky to-day that I hoped shortly to receive the proposals of the Russian Government concerning Afghanistan, and also their observations on the British amendments to the Persian Convention.

[1717]

His Excellency replied that the former question was being studied by others, and that their report had not yet been received, but that he hoped shortly to let me have a reply on the latter question. I said that I trusted the Russian proposals in regard to Afghanistan would prove acceptable to His Majesty's Government. The nature of his reply on this point was not reassuring, as his remarks gave me to understand that they could not be entertained by us without considerable modifications. But before finally expressing an opinion we must await their communication.

M. Isvolsky also said that he would communicate to me a formula which you had given to the Russian Ambassador in London, as to some mutual understanding to be come to in regard to those countries whose frontiers march with Thibet, Persia, and Afghanistan.

I shall also doubtless receive by messenger a copy of this formula.

[8901]

No. 212.

Sir Edward Grey to Sir C. Spring-Rice.

(No. 30.)

(Telegraphic.) P.

Foreign Office, March 20, 1907.

WITH regard to Zil-es-Sultan, it would not be likely that consent of Russian Government could be obtained to the insertion of a clause (such as you suggest in your telegram No. 58) in our Agreement.

You had better make no communication to the Zil until we have learnt the result of inquiries, which Sir Arthur Nicolson has been instructed to make, as to what steps the Russian Government would be prepared to take, should the necessity arise, on the Zil's behalf, and whether any assurances can be obtained from them on the subject, either by the Zil himself or by His Majesty's Government.

[8901]

No. 213.

Sir Edward Grey to Sir A. Nicolson.

(No. 116. Confidential.)

Sir,

Foreign Office, March 20, 1907.

I TRANSMIT to your Excellency herewith copy of a telegram from His Majesty's Minister at Tehran,* suggesting that, should Ispahan be acknowledged as forming part of the Russian sphere of influence under the proposed Anglo-Russian Convention with regard to Persia, that instrument should include a pledge by the Russian Government that the interests of the Zil-es-Sultan and his family should not suffer on account of the support which he has afforded to Great Britain in the past.

This suggestion has been prompted by the request of the Zil-es-Sultan that the assurances given to him by His Majesty's Government should now be renewed.

The latest of these assurances was that given to the Zil in writing by Sir M. Durand in 1898, and was in the form of a promise that Her Majesty's Legation would protect him and his family in regard to their life and honour. In 1901 Sir A. Hardinge assured the Zil that the pledges already given to him held good. In 1902 the Zil asked for an official statement to the same effect, signed by the Marquess of Lansdowne, but this was not granted.

It is clear that His Majesty's Government are bound to do all in their power to carry out the repeated assurances given to the Zil, but it appears to me undesirable that a clause of the nature indicated by Sir C. Spring-Rice should be inserted in any agreement that may be come to as a means of fulfilling those obligations.

It would, in my opinion, be preferable to ascertain what steps the Russian Government would be prepared to take on behalf of the Zil-es-Sultan in the event of his life or property or those of his family being in danger, and whether they would be willing to give either to His Majesty's Government or to the Zil himself any assurances on the subject.

I have accordingly to request your Excellency to take some convenient opportunity of broaching this question in conversation with M. Isvolsky.

I also inclose copy of a telegram which I have sent to Sir C. Spring-Rice in reply to his communication, informing him of the steps taken in this matter.†

I am, &c.
(Signed) E. GREY.

* No. 203.

† No. 212.

[8918]

No. 214.

Sir Edward Grey to Sir A. Nicolson.

(No. 118.)

Sir,

Foreign Office, March 20, 1907.

I TRANSMIT to your Excellency herewith copies of three telegrams from His Majesty's Minister at Tehran,* from which it appears that the strength of the guards at the Russian Legation at Tehran and the Russian Consulates at Tabreez, Urmia, Ispahan, and Kermanshah has been considerably increased, and I have to request you to take an opportunity of inquiring of M. Isvolsky what is the signification of these reinforcements.

I am, &c.
(Signed) E. GREY.

[9235]

No. 215.

The Imperial Bank of Persia to Foreign Office.—(Received March 21.)

Sir,

25, Abchurch Lane, London, March 21, 1907.

I HAVE the honour to forward, for your information, translations of telegrams exchanged with our chief office in Tehran in reference to the National Bank Concession.

All the parties named in the telegram received from our Chief Manager, with possibly two or three exceptions, are largely indebted to the Imperial Bank of Persia.

I have, &c.
(Signed) G. NEWELL, Manager.

Inclosure 1 in No. 215.

Imperial Bank of Persia to Mr. Rabino.

(Translation.)

(Telegraphic.)

March 18, 1907.

YOUR special letter 28th February: telegraph us all known names promoters and Syndicate National Bank. Telegraph as soon as possible. Board have made strong protest British Government against whole Concession National Bank.

Inclosure 2 in No. 215.

Mr. Rabino to Imperial Bank of Persia.

(Translation.)

(Telegraphic.)

Tehran, March 19, 1907.

FOUNDERS really National Assembly: names given Tehran Tabreez sarrafs: Hajji Mohamed Ismail Mogazeh; Hajji Mohamed Ismail Kazvini; Hajji Lutfali; Hajji Faraj; Hajji Bagher; Amin-i-Zarb; Moin-i-Tujar, Bushire; Amin-i-Tojar, Kurdistan; Arbab Jemshid Bahman Parsee, Tehran; Toumaniantz Brothers; Hadji Abdul Rezak, Tehran

Shareholders only on paper; capital, apparently none.

Inclosure 3 in No. 215.

Imperial Bank of Persia to Mr. Rabino.

(Translation.)

(Telegraphic.)

March 20, 1907.

YOUR telegram of 19th March: telegraph total amount due to Bank on 19th March by names given. After informing Legation, call upon all our debtors, without exception, who are promoters or supporters National Bank to pay us their debts at once.

* Nos. 180, 204, and 210.

[9522]

No. 223.

Imperial Bank of Persia to Foreign Office.—(Received March 23.)

Sir, 25, Abchurch Lane, London, March 23, 1907.
I HAVE the honour to acknowledge the receipt of and to thank you for your letter of yesterday's date.

The following telegram has been dispatched to-day to the Chief Manager of the bank in Tehran:—

"Our telegram of yesterday; defer action for the present."

I have, &c.
(Signed) G. NEWELL, Manager.

[9534]

No. 224.

Sir C. Spring-Rice to Sir Edward Grey.—(Received March 23.)

(No. 64.)
(Telegraphic.) P. Tehran, March 23, 1907.

IMPERIAL Bank of Persia and National Bank: Your telegram No. 33 and my telegram No. 61.

The London Board of the Imperial Bank have telegraphed to their Manager here to insist that all persons connected with the promotion of the National Bank must either at once settle their accounts with the Imperial Bank or break off all connection with the National Bank.

The Manager asks me to assist him in putting these orders into effect.

Before taking any action in the matter I await a reply to my telegram above referred to.

[9522]

No. 225.

Sir Edward Grey to Sir C. Spring-Rice.

(No. 34.)
(Telegraphic.) P. Foreign Office, March 23, 1907.

ON receipt of your telegram No. 61, we sent a letter yesterday to the Imperial Bank, who state that instructions have in consequence been sent to Tehran, directing their Manager to defer for the present contemplated action respecting National Bank.

[9768]

No. 226.

Sir A. Nicolson to Sir Edward Grey.—(Received March 25.)

(No. 49.)
(Telegraphic.) P. St. Petersburg, March 25, 1907.

MINISTER for Foreign Affairs communicated to me to-day a Memorandum as to the measures which the Russian Government proposed to take should the situation in Persia absolutely necessitate them. In order to secure the regular service of the Russian loans, they would propose to occupy militarily certain Persian customs, namely, Astara, Julfa, Enzeli, Meshed-esir, and Bunder-gez, and troops will be held in readiness for the purpose.

With a view to establishing a complete accord, the Russian Government would like to know what measures His Majesty's Government would propose to take on their side.

In answer to request for my opinion, I said that the proposed measures seemed practical for the purpose, and I believed that we should limit ourselves to protecting the southern ports. But I would prefer to await your views before pronouncing myself. I told him Sir C. Spring-Rice was strongly in favour of abstention for as long as possible, and that he deprecated half-measures as more likely to do harm than good.

M. Isvolsky said Russian Government adhered to policy of non-intervention, and that proposed measures would only be undertaken if the case urgently demanded them.

[9769]

No. 227.

Sir A. Nicolson to Sir Edward Grey.—(Received March 25.)

(No. 50.)
(Telegraphic.) P. St. Petersburg, March 25, 1907.

INCREASE of Cossack guards.

With reference to your despatch No. 118 of the 20th instant, I am informed by M. Isvolsky that the increase of Cossack guards was a measure taken to reassure Consuls from whom appeals had been received. His Excellency had not considered the matter worthy of mention, as it seemed to him unimportant, and the reinforcements were so small. He added that the step had absolutely no political significance.

(Repeated to Tehran.)

[9758]

No. 228.

Sir C. Spring-Rice to Sir Edward Grey.—(Received March 25.)

(No. 65.)
(Telegraphic.) P. Tehran, March 25, 1907.

PERSIAN National Bank: Your telegram No. 33.

I will see what can be done. It is possible that Persian Government may be induced to modify the terms of the Concession, but I doubt it. However, they have already modified the clause relating to the southern customs in the loan contract (see my telegram No. 40).

If the Persian Government refuse to modify, I would recommend that no leniency should be shown with regard to the payment on our own loan. (See my telegram No. 62 to Foreign Office.)

[8608]

No. 229.

Foreign Office to India Office.

Sir, Foreign Office, March 25, 1907.

I AM directed by Secretary Sir Edward Grey to transmit to you herewith copy of a despatch from His Majesty's Ambassador at St. Petersburg, submitting a draft of a note, to be annexed to the Anglo-Russian Convention with regard to Persia, for effecting the transfer of the Meshed-Tehran telegraph line to Russian control, and that of the Meshed-Seistan line to British control.

If Mr. Secretary Morley approves the text of this draft, Sir E. Grey proposes to authorize Sir A. Nicolson to communicate it to the Russian Minister for Foreign Affairs, as suggested in his Excellency's despatch.

I am, &c.
(Signed) E. GORST.

[9797]

No. 230.

Sir H. Drummond-Wolff to Foreign Office.—(Received March 26.)

My dear Mr. Mallet, 28, Cadogan Place, S.W., March 23, 1907.
INCLOSED is a copy of a letter from the Atabeg-i-Azam and extracts from the letter of M. Kitabji, who, as his father before, is the confidant of the Atabeg. If you will submit these to Sir E. Grey I shall consider my mission concluded, unless it should be wished that I should send any message.

Yours very truly,
(Signed) H. DRUMMOND-WOLFF.

Inclosure 1 in No. 230.

The Atabeg-i-Azam to Sir H. Drummond-Wolff.

Chère Excellence et Ami,

Lausanne, le 21 Mars, 1907.

JE vous remercie pour votre aimable lettre, et je regrette de ne pas pouvoir me rendre à Londres pour vous revoir avant mon départ pour la Perse, malgré que c'eût été un de mes grands désirs.

Vous en avez déjà deviné les raisons; cependant j'aurais tant de questions à régler avec le Gouvernement Britannique. Ne pouvant donc pas aller moi-même à Londres, et comme mon départ est assez précipité, je compte passer par Berlin directement de Lausanne pour prendre avec moi un fils que j'y ai laissé.

Naturellement, je profiterai de cette occasion pour revoir Sir Frank Lascelles, que je connais déjà. Si donc le Gouvernement Anglais veut autoriser son Ministre de s'entretenir avec moi sur certaines questions qui intéressent les deux pays, que le Ministre des Affaires Étrangères veuille bien me le faire savoir par un message adressé à mon nom à la Légation de Perse à Berlin le plus tôt possible.

J'espère que Lady Wolff, comme votre Excellence, se portent en bonne santé. Je vous prie de présenter mes hommages les plus respectueux à Lady Wolff et de me croire, chère Excellence et ami, comme toujours,

Votre sincèrement dévoué

[Non signée].

Inclosure 2 in No. 230.

Extracts from Letter of M. Kitabji.

CEPENDANT, ce matin Son Altesse ayant reçu une dépêche ouverte et officielle de Sa Majesté, elle a décidé en principe son retour. Depuis nous avons eu ensemble un entretien privé sur des questions qui intéressent l'Angleterre, et Son Altesse m'a chargé de rédiger la lettre à votre Excellence qu'elle a dû recevoir par ce même courrier.

Je connais les deux principales questions que Son Altesse veut avancer. La première serait pour elle de savoir: quel est le genre d'Accord qui vient d'être conclu entre l'Angleterre et la Russie concernant la Perse, ceci dans le but d'agir dans les affaires futures dans le sens de cet Accord. La seconde est qu'elle voudrait savoir si le Gouvernement Britannique serait disposé à aider la Perse à établir certaines réformes en lui avançant de fonds en son nom personnel—c'est-à-dire que l'emprunt, quoique garantie par le Gouvernement Persan, serait avancé et conclu au nom de Son Altesse.

Quant à la question du dit emprunt, si elle devait prendre des proportions, il faut qu'elle soit réglée à Londres même et rester secrète. Au cas même où votre Excellence croirait bon que Son Altesse devrait ne pas en parler à Berlin, qu'elle veuille bien me faire informer.

Il est bien entendu que ce dit emprunt ne sera pas de grande importance, mais dans le but de parer aux premières nécessités et afin aussi de préparer le terrain pour un autre de plus grande importance.

[9878]

No. 231.

Sir C. Spring-Rice to Sir Edward Grey.—(Received March 26.)

(No. 66.)

(Telegraphic.) P.

Tehran, March 26, 1907.

SITUATION in Persia.

His Majesty's Consul-General at Meshed telegraphs as follows:—

"A Russian Armenian at Sabzewar, accused of outraging a Mahomedan woman, has been murdered and burned by a mob.

"A Secretary of the Russian Consulate-General starts to-day for Sabzewar from Meshed."

[8658]

No. 232.

Foreign Office to Euphrates and Tigris Steam Navigation Company.

Sir,

Foreign Office, March 26, 1907.

WITH further reference to your letter of the 29th October, 1906, on the subject of the navigation of the Karun River, I am directed by Secretary Sir E. Grey to inform you that he has received a despatch from His Majesty's Minister at Tehran, reporting that he has instructed His Majesty's Consular officers at Ahwaz and Mohammerah to use their best endeavours to secure perfectly even treatment for your Company's steamers and for that of the Muin-et-Tujjar from the Sheikh of Mohammerah and from the Persian officials, and that he has forwarded a copy of your letter to Mr. McDouall for his observations.

Sir C. Spring-Rice further states that he instructed Abbas Kuli Khan to inform the Muin of the substance of your letter, and forwards copy of a Memorandum containing the rejoinder of the latter to the complaints of your Company.

A copy of this paper is inclosed herewith.*

Sir C. Spring-Rice considers it possible that, in the past, the Muin may have thought that some kind of amalgamation of his interests with those of your Company would be advantageous, but that he may now be inclined to try to oust the Company from the region of the Karun, relying for this purpose on his intimacy with persons of importance, and on the hostility to foreigners manifested by the Assembly, in which he still has considerable influence.

Sir C. Spring-Rice therefore fears that it is unlikely that any really useful arrangement can be arrived at between your Company and the Muin.

He promises, however, carefully to watch the developments of the latter's activity, and to keep this Office informed on the subject.

I am, &c.
(Signed) E. GORST.

[9985]

No. 233.

India Office to Foreign Office.—(Received March 27.)

Sir,

India Office, March 26, 1907.

I AM directed by the Secretary of State for India in Council to acknowledge Sir E. Gorst's letter of the 14th ultimo, transmitting a letter from the Lords Commissioners of His Majesty's Treasury regarding Consular expenditure in Persia.

In reply, I am to say that the correspondence is being forwarded to the Government of India for report on the political and administrative questions raised by the Lords Commissioners. In the meantime I am to suggest, for the consideration of the Secretary of State for Foreign Affairs and the Lords Commissioners of the Treasury, that an Inter-Departmental Committee should be appointed to consider the best method of adjusting in future years the claims between the Imperial and Indian Governments in respect of the establishments in Persia and Turkish Arabia, whether by the payment of a fixed sum to be agreed to for a term of years or otherwise.

I am, &c.
(Signed) A. GODLEY.

[9768]

No. 234.

Foreign Office to Admiralty.

(Secret.)

Sir,

Foreign Office, March 27, 1907.

WITH reference to your letter of the 9th instant, forwarding copy of a telegram addressed to the Commander-in-chief, East Indies, relative to the situation in Persia, I am directed by Secretary Sir Edward Grey to transmit to you herewith copy of a telegram from His Majesty's Ambassador at St. Petersburg,† stating the measures which the Russian Government propose to take in the event of disturbances arising in that country.

* See Inclosure in No. 187.

† No. 226.

[1717]

You will observe that the Russian Government intend to proceed to the military occupation of certain Persian custom-houses, in order to secure the regular service of the Russian loans, and that they are desirous of learning what measures His Majesty's Government, on their part, propose to take in order that a complete accord may be established between the two Governments.

Sir E. Grey would accordingly be glad to learn what steps are being taken to prepare for the eventuality contemplated as a result of the inquiry addressed by the Lords Commissioners of the Admiralty to Vice-Admiral Sir E. Poë.

I am to add that Sir E. Grey has addressed a telegram to Sir A. Nicolson, informing his Excellency that his reply to the Russian Government on this point has the approval of His Majesty's Government.

I am, &c.
(Signed) E. GORST.

[10135]

No. 235.

Sir C. Spring-Rice to Sir Edward Grey.—(Received March 28.)

(No. 70.)

(Telegraphic.) P.

Tehran, March 28, 1907.

KARUN irrigation scheme: Your telegram No. 32.

I am informed by the Sheikh's Agent that the Sheikh has so far made no definite proposals to the Persian Government. Such proposals, when made, will be submitted to the National Assembly and made public. They do not intend to ask for foreign capital.

I have informed my Dutch colleague.

[8954]

No. 236.

Foreign Office to Imperial Bank of Persia.

Sir,

Foreign Office, March 28, 1907.

I AM directed by Secretary Sir Edward Grey to acknowledge the receipt of your letter of the 18th instant, relative to the injury inflicted on the interests of the Imperial Bank of Persia by the terms of the charter of the new National Bank, and especially by the clause granting to that institution priority in the import and sale of silver in Persia.

I am to inform you, in reply, that on the 22nd instant Sir E. Grey addressed a telegram to His Majesty's Minister at Tehran informing him of the protest lodged by you, and authorizing him, should he consider it expedient at the present juncture, to make friendly representations to the Persian Government as to the danger of alienating sympathy with a policy of reform if it is accompanied by unfair treatment of European capital invested in the country.

Sir C. Spring-Rice has further been authorized to make a communication of the same kind to the leaders of the popular movement in Persia.

I am, &c.
(Signed) E. GORST.

[10295]

No. 237.

M. van Roijen to Sir Edward Grey.—(Received March 30.)

M. le Baron,

Légation Néerlandaise, Londres, le 28 Mars, 1907.

EN me référant aux entretiens que le Ministre des Pays-Bas a eu l'avantage d'avoir avec votre Excellence par rapport à la "Concession Ahwaz" en Perse, j'ai l'honneur de porter à sa connaissance que mon Gouvernement vient de recevoir la dépêche télégraphique suivante de son Ministre à Téhéran:—

"Ministre Plénipotentiaire Anglais a reçu instruction de déclarer que son Gouvernement n'a plus d'objection à obtenir Concession Ahwaz barrage par Syndicat.—STURLER."

Mon Gouvernement m'ayant chargé de prier votre Excellence de bien vouloir me confirmer la teneur de la dite dépêche, je me permets de recourir dans ce but à l'obligeance usuelle de votre Excellence.

En lui présentant mes remerciements anticipés pour la suite qu'elle voudra bien donner à ma demande, je la prie, &c.

(Signé) J. H. VAN ROIJEN.

[10158]

No. 238.

Admiralty to Foreign Office.—(Received March 30.)

(Confidential.)

Sir,

Admiralty, March 28, 1907.

WITH reference to your letters of the 6th and the 27th instant, relative to the situation in Persia, I am commanded by my Lords Commissioners of the Admiralty to acquaint you, for the information of the Secretary of State for Foreign Affairs, that Vice-Admiral Sir Edmund S. Poë reported, before giving up the command of the East Indies Station, that the "ports where His Majesty's ships would be required are Bushire, Bunder Abbas, Jask, with one visit to Linga, Henjam, the Jask ship visiting Charbar, if necessary; deep draught vessels cannot approach coast."

As regards the ships available, I am to state that the "Hyacinth," "Highflyer," "Proserpine," and "Redbreast" are immediately available, that the "Sphinx" and "Lapwing" are ready to leave Bombay on the 5th April, and that the "Perseus" could be withdrawn from Aden if required.

I am, &c.
(Signed) C. I. THOMAS.

[9797]

No. 239.

Sir Edward Grey to Sir E. Goschen.

(No. 22.)

Sir,

Foreign Office, March 30, 1907.

I TRANSMIT to your Excellency herewith copy of a letter addressed to Mr. L. Mallet by Sir Henry Drummond-Wolff,* forwarding copy of a letter received by him from the Amin-es-Sultan, Atabeg-i-Azam, who has lately been reappointed Grand Vizier of Persia, as well as an extract from a communication from M. Paul Kitabji, who has long enjoyed the confidence of the Atabeg.

As your Excellency will observe from this correspondence, the Atabeg intends to pay you a visit during his stay in Vienna, for the purpose of questioning you as to the terms of the proposed Anglo-Russian Agreement respecting Persia, and of inquiring whether His Majesty's Government are willing to advance to his Highness personally a sum of money to facilitate the introduction of certain reforms in that country, and to pave the way for a more important loan.

Should his Highness, in the course of conversation with your Excellency, approach the subject of the Anglo-Russian Agreement, he should be informed that a discussion is in progress between His Majesty's and the Russian Governments concerning telegraphs, loans, and other matters; and that such a discussion is inevitable in order to prevent differences from arising between the two Governments. The discussion, however, is not one which could result in any prejudice to the independence and integrity of Persia, and has not yet led to a definite agreement.

I used somewhat similar language to the Persian Minister at this Court on the 1st October last, in reply to questions on the subject which he put to me by instruction from his Government.

In reply to any inquiry respecting an advance, your Excellency should inform the Atabeg that His Majesty's Government can afford no financial assistance to his Highness without the co-operation of the Russian Government and the assent of the Persian Government and National Assembly. You should explain to him at the same time

* No. 230.

that, so long as the Persian Government are able to maintain in security the lives and property of British and other foreign subjects in Persia, and observe the concessions and obligations which they have undertaken, His Majesty's Government have no desire or intention to intervene in the internal affairs of that country.

I am, &c.
(Signed) E. GREY.

P.S.—I request that your Excellency will communicate to your Russian colleague the substance of any conversation which may take place between you and the Atabeg.
E. G.